ZIGGO GROUP HOLDING B.V.

Condensed Consolidated Financial Statements
March 31, 2015

Ziggo Group Holding B.V.
Boeing Avenue 53
1119 PE Schiphol Rijk
The Netherlands

ZIGGO GROUP HOLDING B.V.

TABLE OF CONTENTS

ZIGGO GROUP HOLDING B.V.
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

	March 31, 2015	December 31, 2014 (a)
	in millions	
ASSETS		
Current assets:		
Cash	€ 87.4	€ 31.7
Trade receivables, net	76.0	78.3
Related-party receivables (note 10)	2.9	8.7
Deferred income taxes	11.8	18.7
Prepaid expenses	35.4	23.1
Other current assets, net (note 5)	19.0	16.8
Total current assets	232.5	177.3
Property and equipment, net (note 7)	2,906.2	2,971.6
Goodwill (note 7)	7,218.1	7,111.8
Intangible assets subject to amortization, net (note 7)	3,752.5	3,968.7
Loans receivable – related-party (note 10)	1,569.3	1,775.2
Other assets, net (notes 5 and 10)	709.5	434.5
Total assets	€ 16,388.1	€ 16,439.1

(a) As retrospectively revised - see note 4.

The accompanying notes are an integral part of these condensed consolidated financial statements.

ZIGGO GROUP HOLDING B.V.
CONDENSED CONSOLIDATED BALANCE SHEETS – (Continued)
(unaudited)

	March 31, 2015	December 31, 2014 (a)
	in millions	
LIABILITIES AND OWNER'S EQUITY		
Current liabilities:		
Accounts payable (note 10)	€ 144.4	€ 110.7
Accrued and other current liabilities:		
Third-party	336.6	332.7
Related-party (note 10)	66.8	44.6
Deferred revenue and advance payments from subscribers and others	188.8	182.7
Value-added tax (**VAT**) payable	51.3	82.1
Derivative instruments (note 5)	81.8	41.9
Accrued interest	89.9	36.8
Current portion of debt and capital lease obligations (note 8):		
Third-party	3.6	13.9
Related-party (note 10)	4.6	4.1
Total current liabilities	967.8	849.5
Long-term debt and capital lease obligations (note 8):		
Third-party	7,290.5	4,783.8
Related-party (note 10)	5,371.4	6,445.4
Deferred income taxes	741.8	863.7
Other long-term liabilities (notes 5 and 10)	397.4	285.1
Total liabilities	14,768.9	13,227.5
Commitments and contingencies (notes 3, 5, 8 and 11)		
Owner's equity:		
Total parent's equity	1,619.2	3,233.4
Noncontrolling interests	—	(21.8)
Total owner's equity	1,619.2	3,211.6
Total liabilities and owner's equity	€ 16,388.1	€ 16,439.1

(a) As retrospectively revised - see note 4.

The accompanying notes are an integral part of these condensed consolidated financial statements.

ZIGGO GROUP HOLDING B.V.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three months ended March 31,	
	2015	**2014 (a)**
	in millions	
Revenue (notes 10 and 12)	€ 627.8	€ 232.1
Operating costs and expenses:		
Operating (other than depreciation and amortization) (note 10)	200.2	70.1
Selling, general and administrative (**SG&A**) (including share-based compensation) (note 10)	102.9	28.7
Related-party fees and allocations (note 10)	39.6	21.3
Depreciation and amortization	269.5	46.0
Impairment, restructuring and other operating items, net	6.3	6.3
	618.5	172.4
Operating income	9.3	59.7
Non-operating income (expense):		
Interest expense:		
Third-party	(66.1)	(8.2)
Related-party (note 10)	(71.7)	(22.6)
Interest income – related-party (note 10)	16.1	29.9
Realized and unrealized gains on derivative instruments, net (note 5)	227.6	—
Unrealized loss due to change in fair value of investment (note 6)	—	(27.4)
Foreign currency transaction gains (losses), net	(261.6)	0.8
Other expense, net	(2.3)	(1.8)
	(158.0)	(29.3)
Earnings (loss) before income taxes	(148.7)	30.4
Income tax benefit (expense) (note 9)	46.3	(15.2)
Net earnings (loss)	(102.4)	15.2
Net loss attributable to noncontrolling interests	—	0.6
Net earnings (loss) attributable to parent	€ (102.4)	€ 15.8

(a) As retrospectively revised - see note 4.

The accompanying notes are an integral part of these condensed consolidated financial statements.

ZIGGO GROUP HOLDING B.V.
CONDENSED CONSOLIDATED STATEMENT OF OWNER'S EQUITY
(unaudited)

	Parent's equity	Non-controlling interest	Total owner's equity
		in millions	
Balance at January 1, 2015 (a)	€ 3,233.4	€ (21.8)	€ 3,211.6
Net loss	(102.4)	—	(102.4)
Impact of deconsolidation of previously consolidated entities (note 1)	—	21.8	21.8
Deemed distribution associated with settlement of loans receivable (note 10)	(953.4)	—	(953.4)
Deemed distribution in connection with novation of third-party debt from another Liberty Global subsidiary (note 8)	(689.2)	—	(689.2)
Deemed contribution associated with settlement of loan payable (note 10)	120.8	—	120.8
Deemed contribution of technology-related services (note 10)	8.5	—	8.5
Excess consideration received over the carrying value of property and equipment transferred to entities under common control (note 10)	2.0	—	2.0
Intercompany tax allocations (note 10)	1.3	—	1.3
Other	(1.8)	—	(1.8)
Balance at March 31, 2015	€ 1,619.2	€ —	€ 1,619.2

(a) As retrospectively revised - see note 4.

The accompanying notes are an integral part of these condensed consolidated financial statements.

ZIGGO GROUP HOLDING B.V.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Three months ended March 31,	
	2015	**2014 (a)**
	in millions	
Cash flows from operating activities:		
Net earnings (loss)	€ (102.4)	€ 15.2
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:		
Share-based compensation expense	1.1	0.2
Related-party fees and allocations	39.6	21.3
Depreciation and amortization	269.5	46.0
Impairment, restructuring and other operating items, net	6.3	6.3
Non-cash interest expense (income) on related-party loans, net	55.6	(7.3)
Amortization of deferred financing costs and non-cash interest accretion	0.4	0.2
Realized and unrealized gains on derivative instruments, net	(227.6)	—
Unrealized loss due to change in fair value of investment	—	27.4
Foreign currency transaction losses (gains), net	261.6	(0.8)
Losses on debt modification and extinguishment, net	0.9	1.8
Deferred income tax benefit	(44.7)	(3.4)
Changes in operating assets and liabilities	34.6	(20.9)
Net cash provided by operating activities	294.9	86.0
Cash flows from investing activities:		
Capital expenditures	(104.6)	(37.9)
Net advances to related parties	(245.2)	(75.4)
Other investing activities, net	(0.5)	(0.1)
Net cash used by investing activities	€ (350.3)	€ (113.4)

(a) As retrospectively revised - see note 4.

The accompanying notes are an integral part of these condensed consolidated financial statements.

ZIGGO GROUP HOLDING B.V.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)
(unaudited)

	Three months ended March 31,	
	2015	**2014 (a)**
	in millions	
Cash flows from financing activities:		
Borrowings of third-party debt	€ 363.1	€ 0.3
Borrowings (repayments) of related-party debt, net	(215.0)	470.7
Net cash paid related to derivative instruments	(21.9)	—
Repayments of third-party debt and capital lease obligations	(5.1)	(461.1)
Payment of deferred financing costs	(6.4)	(1.6)
Other financing activities, net	(0.8)	21.3
Net cash provided by financing activities	113.9	29.6
Effect of exchange rate changes on cash	(2.8)	—
Net increase in cash	55.7	2.2
Cash:		
Beginning of period (a)	31.7	0.9
End of period	€ 87.4	€ 3.1
Cash paid for interest	€ (16.9)	€ (4.6)

(a) As retrospectively revised - see note 4.

The accompanying notes are an integral part of these condensed consolidated financial statements.

(1) Basis of Presentation

Ziggo Group Holding B.V. (**Ziggo Group Holding**), a wholly-owned subsidiary of Liberty Global plc (**Liberty Global**), provides video, broadband internet, fixed-line telephony and mobile services to residential and business customers in the Netherlands. As of March 31, 2015, Ziggo Group Holding's primary subsidiaries consist of (i) UPC Nederland Holding I B.V. (**UPC Nederland Holding**) and its subsidiaries, including UPC Nederland B.V. (**UPC Nederland**), and (ii) LGE HoldCo VI B.V. (**HoldCo VI**) and its subsidiaries, including LGE HoldCo V B.V. (**HoldCo V**) and Ziggo Holding B.V. (**Ziggo Holding**), formerly known as Ziggo NV. In these notes, the terms "we," "our," "our company" and "us" may refer, as the context requires, to Ziggo Group Holding or collectively to Ziggo Group Holding and its subsidiaries.

On November 6, 2014, Ziggo Group Holding acquired 100% of the equity of HoldCo VI from another Liberty Global subsidiary, in exchange for shares of Ziggo Group Holding (the **HoldCo VI Transfer**).

On November 11, 2014 (the **Ziggo Acquisition Date**), a subsidiary of HoldCo VI acquired a controlling interest in Ziggo Holding (the **Ziggo Acquisition**). We accounted for this transaction using the acquisition method of accounting.

During the first quarter of 2015, Liberty Global undertook various financing transactions in connection with certain internal reorganizations of its broadband and wireless communications businesses in Europe. As a part of these reorganization transactions, 100% of the shares of UPC Nederland were transferred on March 5, 2015 from UPC Western Europe Holding B.V. (**UPC Western Europe**), another Liberty Global subsidiary, to Ziggo Group Holding in exchange for shares of Ziggo Group Holding (the **UPC Nederland Transfer**).

As the UPC Nederland Transfer and the HoldCo VI Transfer constitute transactions between entities under common control, we have reflected these transfers at carryover basis and our condensed consolidated financial statements have been retrospectively revised to give effect to these transfers for all periods in which Ziggo Group Holding, UPC Nederland Holding and HoldCo VI were under the common control of Liberty Global.

After giving effect to the UPC Nederland Transfer, UPC Nederland is included in our condensed consolidated financial statements for all periods presented and Ziggo Holding is included in our condensed consolidated financial statements on and after the Ziggo Acquisition Date. UPC Nederland has been treated as the predecessor entity of Ziggo Group Holding for financial reporting purposes. For additional information regarding the UPC Nederland Transfer, see note 4.

Unitymedia International GmbH (**UMI**), UPC Equipment B.V. (**UPC Equipment**) and UPC International Operations B.V. (**UPC International**) are variable interest entities that were formed for the purpose of acquiring and legally owning certain customer premises equipment assets that were leased to UPC Nederland, including certain assets that were the subject of sale and leaseback transactions that were initiated in December 2011. Although we had no equity or voting interest in UMI, UPC Equipment or UPC International, substantially all of the revenue of these entities was derived from us through December 31, 2014 and we had the substantive power to direct the significant activities of these entities. As such, we were required to consolidate UMI, UPC Equipment and UPC International through December 31, 2014. Subsequent to December 31, 2014, and in anticipation of the UPC Nederland Transfer, the leasing transactions between UPC Nederland and UMI, UPC Equipment and UPC International were unwound. As such, effective January 1, 2015, we no longer consolidate UMI, UPC Equipment and UPC International.

Our unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (**U.S. GAAP**). Accordingly, these financial statements do not include all of the information required by U.S. GAAP for complete financial statements. In the opinion of management, these financial statements reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the results of operations for the interim periods presented. The results of operations for any interim period are not necessarily indicative of results for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the 2014 annual report of UPC Nederland.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are used in accounting for, among other things, the valuation of acquisition-related assets and liabilities, allowances for uncollectible accounts, programming and copyright costs, deferred income taxes and related valuation allowances, loss contingencies, fair value measurements, impairment assessments, capitalization of internal costs associated with construction and installation activities, useful lives of long-lived assets and share-based compensation. Actual results could differ from those estimates.

Our functional currency is the euro (**€**). Unless otherwise indicated, convenience translations into the euro are calculated as of March 31, 2015.

These condensed consolidated financial statements reflect our consideration of the accounting and disclosure implications of subsequent events through May 29, 2015, the date of issuance.

(2) Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (the **FASB**) issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (**ASU 2014-09**), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace existing revenue recognition guidance in U.S. GAAP when it becomes effective, currently scheduled for January 1, 2017, although an extension to January 1, 2018 has been proposed by the FASB. Early application is not permitted. This new standard permits the use of either the retrospective or cumulative effect transition method. We are currently evaluating the effect that ASU 2014-09 will have on our consolidated financial statements and related disclosures. We have not yet selected a transition method nor have we determined the effect of the standard on our ongoing financial reporting.

(3) Acquisition

As described in note 1, Ziggo Group Holding acquired 100% of the equity of HoldCo VI from another Liberty Global subsidiary. As of the Ziggo Acquisition Date, HoldCo VI indirectly held (i) 27,300,000 of previously-acquired shares in Ziggo Holding and (ii) 14,029,850 shares of Ziggo Holding acquired from another subsidiary of Liberty Global outside of the Ziggo Group Holding borrowing group. Immediately prior to the Ziggo Acquisition, the fair value of the 41,329,850 shares of Ziggo Holding owned by Ziggo Group Holding was €1,617.1 million.

On the Ziggo Acquisition Date, pursuant to a merger protocol (the **Merger Protocol**) with respect to an offer to acquire all of the shares of Ziggo Holding that we did not already own, we gained control of Ziggo Holding through the acquisition of 136,603,794 Ziggo Holding shares, which increased our ownership interest in Ziggo Holding to 88.9%. From November 12, 2014 through November 19, 2014, we acquired 18,998,057 additional Ziggo Holding shares, further increasing our ownership interest in Ziggo Holding to 98.4% (the **Ziggo NCI Acquisition**). We have accounted for the Ziggo Acquisition using the acquisition method of accounting and the Ziggo NCI Acquisition as the acquisition of a noncontrolling interest. We acquired Ziggo Holding in order to achieve certain financial, operational and strategic benefits through the integration of Ziggo Holding with UPC Nederland.

Pursuant to the Merger Protocol, Ziggo Holding shareholders who tendered their Ziggo Holding shares received an offer price of (i) 0.2282 Liberty Global Class A ordinary shares, (ii) 0.5630 Liberty Global Class C ordinary shares and (iii) €11.00 in cash for each Ziggo Holding share tendered. In connection with the completion of the Ziggo Acquisition and the Ziggo NCI Acquisition, (a) Liberty Global issued, on our behalf, an aggregate of 35,508,342 Liberty Global Class A and 87,603,842 Liberty Global Class C ordinary shares and (b) we paid aggregate cash consideration of €1,711.6 million to tendering holders of Ziggo Holding ordinary shares.

On December 3, 2014, we initiated a statutory squeeze-out procedure in accordance with the Dutch Civil Code (the **Statutory Squeeze-out**) in order to acquire the remaining 3,162,605 Ziggo Holding shares not tendered through November 19, 2014. Under the Statutory Squeeze-out, Ziggo Holding shareholders other than Liberty Global received cash consideration of €39.78 per share, which amount was approved in April 2015 by the Enterprise Court in the Netherlands. Effective upon the commencement of the Statutory Squeeze-out, the remaining noncontrolling interest in Ziggo Holding became mandatorily redeemable and, accordingly, is reflected as a liability that is included in other accrued and current liabilities in our condensed consolidated balance sheets. The Statutory Squeeze-out was completed during the second quarter of 2015.

In connection with the completion of the Ziggo Acquisition, we obtained regulatory clearance from the European Commission on October 10, 2014, subject to the following commitments:

- Liberty Global's commitment to divest its *Film1* channel to a third party and for our company to carry *Film1* on our network for a period of three years; and

- Our commitment for a period of eight years with respect to our network (i) not to enforce certain clauses currently contained in carriage agreements with broadcasters that restrict the ability of broadcasters to offer their channels and content via over-the-top services, (ii) not to enter into carriage agreements containing such clauses and (iii) to maintain adequate interconnection capacity through at least three uncongested routes into our network, at least one of which must be with a large transit provider.

On March 27, 2015, Liberty Global agreed to sell its *Film1* channel to Sony Pictures Television Networks, which sale is subject to customary closing conditions, including regulatory approval. Under the terms of the agreement, all five *Film1* channels will continue to be carried on our network for a period of at least three years.

For accounting purposes, the Ziggo Acquisition was treated as the acquisition of Ziggo Holding by Ziggo Group Holding. In this regard, the consideration paid to acquire Ziggo Holding plus the fair value of our pre-existing investment in Ziggo Holding on the Ziggo Acquisition Date is set forth below (in millions):

Liberty Global Broadband Note (a)	€	3,936.1
Cash (b)		1,502.7
Fair value of pre-existing investment in Ziggo Holding (c)		1,617.1
Total	€	7,055.9

(a) Represents a borrowing under the Liberty Global Broadband Note (as defined and described in note 8) in consideration for the 31,172,985 Liberty Global Class A and 76,907,936 Liberty Global Class C ordinary shares issued to Ziggo Holding shareholders on our behalf by Liberty Global in connection with the Ziggo Acquisition.

(b) Represents the cash consideration paid in connection with the Ziggo Acquisition.

(c) Represents the fair value of the 41,329,850 shares of Ziggo Holding held by our subsidiaries immediately prior to the Ziggo Acquisition.

We have accounted for the Ziggo Acquisition using the acquisition method of accounting, whereby the total purchase price was allocated to the acquired identifiable net assets of Ziggo Holding based on assessments of their respective fair values, and the excess of the purchase price over the fair values of these identifiable net assets was allocated to goodwill. A summary of the purchase price and the preliminary opening balance sheet for the Ziggo Acquisition as of March 31, 2015 is presented in the following table. The preliminary opening balance sheet is subject to adjustment based on our final assessment of the fair values of the acquired identifiable assets and liabilities. Although most items in the valuation process remain open, the items with the highest likelihood of changing upon finalization of the valuation process include, property and equipment, goodwill, intangible assets associated with customer relationships and income taxes (in millions):

Cash and cash equivalents (a)	€	1,516.2
Other current assets		55.9
Property and equipment, net		2,178.3
Goodwill (b)		6,303.8
Intangible assets subject to amortization (c)		3,897.0
Other assets, net		317.0
Current portion of debt and capital lease obligations		(484.6)
Other accrued and current liabilities		(375.0)
Long-term debt and capital lease obligations		(4,293.8)
Other long-term liabilities		(1,191.9)
Noncontrolling interest (d)		(867.0)
Total purchase consideration	€	7,055.9

____

(a) The Ziggo Acquisition resulted in €13.5 million of net cash received after deducting the cash consideration paid in the Ziggo Acquisition.

(b) The goodwill recognized in connection with the Ziggo Acquisition is primarily attributable to (i) the ability to take advantage of Ziggo Holding's existing advanced broadband communications network to gain immediate access to potential customers and (ii) substantial synergies that are expected to be achieved through the integration of Ziggo Holding with UPC Nederland and other European operations of Liberty Global.

(c) Amount primarily includes intangible assets related to customer relationships. As of the Ziggo Acquisition Date, the weighted average useful life of Ziggo Holding's intangible assets was approximately ten years.

(d) Represents the fair value of the noncontrolling interest in Ziggo Holding as of the Ziggo Acquisition Date.

Pro Forma Information

The following unaudited pro forma condensed consolidated operating results for the three months ended March 31, 2014 give effect to the acquisition of 100% of Ziggo Holding as if it had been completed as of January 1, 2014. These pro forma amounts are not necessarily indicative of the operating results that would have occurred if this transaction had occurred on such date. The pro forma adjustments are based on certain assumptions that we believe are reasonable.

		Three months ended March 31, 2014
		in millions
Revenue	€	627.5
Net loss	€	(83.8)

(4) Common Control Transfer

As further described in note 1, we have accounted for the UPC Nederland Transfer and the Holdco VI Transfer as transactions between entities under common control. Accordingly, we have reflected these transfers at carryover basis and our condensed consolidated financial statements have been retrospectively revised to give effect to these transfers for all periods in which Ziggo Group Holding, UPC Nederland Holding and HoldCo VI were under the common control of Liberty Global.

The following table sets forth the retrospective effects of these common control transfers on the December 31, 2014 condensed consolidated balance sheet of UPC Nederland, the predecessor of Ziggo Group Holding for financial reporting purposes.

	UPC Nederland - as previously reported (a)	Common control adjustments (b)	As retrospectively revised
		in millions	
Current assets	€ 84.6	€ 92.7	€ 177.3
Property and equipment, net	€ 861.0	€ 2,110.6	€ 2,971.6
Goodwill	€ 914.3	€ 6,197.5	€ 7,111.8
Total assets	€ 3,923.0	€ 12,516.1	€ 16,439.1
Current liabilities	€ 282.1	€ 567.4	€ 849.5
Long-term debt and capital lease obligations	€ 1,033.7	€ 10,195.5	€ 11,229.2
Total liabilities	€ 1,449.1	€ 11,778.4	€ 13,227.5
Total owner's equity	€ 2,473.9	€ 737.7	€ 3,211.6
Total liabilities and owner's equity	€ 3,923.0	€ 12,516.1	€ 16,439.1

____

(a) Amounts represent the carrying values of assets, liabilities and equity of UPC Nederland, as the predecessor entity, as of December 31, 2014.

(b) Amounts represent the carrying values of assets, liabilities and equity of Ziggo Group Holding and HoldCo VI, which includes HoldCo V and Ziggo Holding, as of December 31, 2014.

We have not presented information with respect to the retrospective revision of UPC Nederland's statement of operations information for the three months ended March 31, 2014 as UPC Nederland did not issue financial statements for this interim period.

(5) Derivative Instruments

In general, we seek to enter into derivative instruments to manage (i) interest rate exposure and (ii) foreign currency exposure with respect to the United States (**U.S.**) dollar and the euro (**€**). We generally do not apply hedge accounting to our derivative instruments. Accordingly, changes in the fair values of most of our derivative instruments are recorded in realized and unrealized gains or losses on derivative instruments, net, in our condensed consolidated statements of operations.

The following table provides details of the fair values of our derivative instrument assets and liabilities:

	March 31, 2015			December 31, 2014 (a)		
	Current (b)	Long-term (b)	Total	Current (b)	Long-term (b)	Total
	in millions					
Assets:						
Cross-currency and interest rate derivative contracts (c)	€ 6.1	€ 324.5	€ 330.6	€ —	€ 67.9	€ 67.9
Liabilities:						
Cross-currency and interest rate derivative contracts (c)	€ 63.6	€ 265.5	€ 329.1	€ 41.9	€ 101.6	€ 143.5
Equity-related derivative instrument (d)	18.2	—	18.2	—	—	—
Total	€ 81.8	€ 265.5	€ 347.3	€ 41.9	€ 101.6	€ 143.5

(a) As retrospectively revised - see note 4.

(b) Our current derivative assets are included in other current assets, and our long-term derivative assets and liabilities are included in other assets, net, and other long-term liabilities, respectively, in our condensed consolidated balance sheets.

(c) We consider credit risk in our fair value assessments. As of March 31, 2015 and December 31, 2014, (i) the fair values of our cross-currency and interest rate derivative contracts that represented assets have been reduced by credit risk valuation adjustments aggregating €14.1 million and €1.9 million, respectively, and (ii) the fair values of our cross-currency and interest rate derivative contracts that represented liabilities have been reduced by credit risk valuation adjustments aggregating €15.8 million and €4.9 million, respectively. The adjustments to our derivative assets relate to the credit risk associated with counterparty nonperformance and the adjustments to our derivative liabilities relate to credit risk associated with our own nonperformance. In all cases, the adjustments take into account offsetting liability or asset positions within a given contract. Our determination of credit risk valuation adjustments generally is based on our and our counterparties' credit risks, as observed in the credit default swap market and market quotations for certain of our subsidiaries' debt instruments, as applicable. The changes in the credit risk valuation adjustments associated with our cross-currency and interest rate derivative contracts resulted in net losses of €1.3 million during the three months ended March 31, 2015. These amounts are included in realized and unrealized gains on derivative instruments, net, in our condensed consolidated statements of operations. For further information regarding our fair value measurements, see note 6.

(d) Represents a written put option related to a joint venture investment, whereby our joint venture partner has the right to put its joint venture shares to us at a price equal to the higher of (i) total invested capital plus interest or (ii) fair market value.

The details of our realized and unrealized gains on derivative instruments, net, are as follows:

	Three months ended March 31,	
	2015	2014 (a)
	in millions	
Cross-currency and interest rate derivative contracts	€ 234.6	€ —
Foreign currency forward contracts	(7.0)	—
Total	€ 227.6	€ —

(a) As retrospectively revised - see note 4.

The net cash received or paid related to our derivative instruments is classified as an operating, investing or financing activity in our condensed consolidated statements of cash flows based on the objective of the derivative instrument and the classification of the applicable underlying cash flows. For derivative contracts that are terminated prior to maturity, the cash paid or received upon termination that relates to future periods is classified as a financing activity. The classification of these cash outflows are as follows:

	Three months ended March 31, 2015	Three months ended March 31, 2014 (a)
	in millions	
Financing activities	€ (21.9)	€ —

(a) As retrospectively revised - see note 4.

Counterparty Credit Risk

We are exposed to the risk that the counterparties to our derivative instruments will default on their obligations to us. We manage these credit risks through the evaluation and monitoring of the creditworthiness of, and concentration of risk with, the respective counterparties. In this regard, credit risk associated with our derivative instruments is spread across a relatively broad counterparty base of banks and financial institutions. Collateral is generally not posted by either party under our derivative instruments. At March 31, 2015, our exposure to counterparty credit risk included derivative assets with an aggregate fair value of €319.6 million.

Details of our Derivative Instruments

In the following tables, we present the details of the various categories of our derivative instruments. The notional amount of multiple derivative instruments that mature within the same calendar month are shown in the aggregate and interest rates are presented on a weighted average basis. In addition, for derivative instruments that were in effect as of March 31, 2015, we present a single date that represents the applicable final maturity date. For derivative instruments that become effective subsequent to March 31, 2015, we present a range of dates that represents the period covered by the applicable derivative instruments.

Cross-currency and Interest Rate Derivative Contracts

Cross-currency Swaps:

The terms of our outstanding cross-currency swap contracts at March 31, 2015, which are held by our wholly-owned subsidiary, Amsterdamse Beheer-en Consultingmaatschappij BV (**ABC B.V.**), are as follows:

Subsidiary / Final maturity date	Notional amount due from counterparty	Notional amount due to counterparty	Interest rate due from counterparty	Interest rate due to counterparty
	in millions			
ABC B.V.:				
January 2022	$ 2,350.0	€ 1,727.0	6 mo. LIBOR + 2.75%	4.56%
January 2023	$ 400.0	€ 339.0	5.88%	4.58%

Interest Rate Swaps:

The terms of our outstanding interest rate swap contracts at March 31, 2015, which are held by ABC B.V., are as follows:

Subsidiary / Final maturity date		Notional amount	Interest rate due from counterparty	Interest rate due to counterparty
		in millions		
ABC B.V.:				
January 2022	€	1,566.0	6 mo. EURIBOR	1.66%
January 2016	€	689.0	1 mo. EURIBOR + 3.75%	6 mo. EURIBOR + 3.59%
January 2021	€	500.0	6 mo. EURIBOR	2.60%
July 2016	€	290.0	6 mo. EURIBOR	0.20%
July 2016 - January 2023	€	290.0	6 mo. EURIBOR	2.84%
March 2021	€	175.0	6 mo. EURIBOR	2.32%
July 2016	€	171.3	6 mo. EURIBOR	0.20%
July 2016 - January 2022	€	171.3	6 mo. EURIBOR	3.44%

(6) Fair Value Measurements

We use the fair value method to account for our derivative instruments. The reported fair values of these derivative instruments as of March 31, 2015 likely will not represent the value that will be paid or received upon the ultimate settlement or disposition of these assets and liabilities. We expect that the values realized generally will be based on market conditions at the time of settlement, which may occur at the maturity of the derivative instrument or at the time of the repayment or refinancing of the underlying debt instrument.

U.S. GAAP provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. We record transfers of assets or liabilities in or out of Levels 1, 2 or 3 at the beginning of the quarter during which the transfer occurred. During the three months ended March 31, 2015, no such transfers were made.

All of our Level 2 inputs (interest rate futures and swap rates) and certain of our Level 3 inputs (credit spreads) are obtained from pricing services. These inputs, or interpolations or extrapolations thereof, are used in our internal models to calculate, among other items, yield curves, forward interest and currency rates. In the normal course of business, we receive market value assessments from the counterparties to our derivative contracts. Although we compare these assessments to our internal valuations and investigate unexpected differences, we do not otherwise rely on counterparty quotes to determine the fair values of our derivative instruments. The midpoints of applicable bid and ask ranges generally are used as inputs for our internal valuations.

During the first quarter of 2014 we held shares in Ziggo Holding, a publicly-traded company in the Netherlands, which we recorded at fair value with changes in the fair value recorded to unrealized loss due to change in fair value of certain investment in our condensed consolidated statement of operations. During the three months ended March 31, 2014, we recognized an unrealized loss on change in fair value of our investment in Ziggo Holding of €27.4 million, which was based upon a Level 1 input. As further described in note 3, during the fourth quarter of 2014, we completed the Ziggo Acquisition and, as a result, we now consolidate Ziggo Holding and no longer have an investment that is recorded at fair value.

As further described in note 5, we have entered into various derivative instruments to manage our interest rate and foreign currency exchange risk. The recurring fair value measurements of these derivative instruments are determined using discounted cash flow models. Most of the inputs to these discounted cash flow models consist of, or are derived from, observable Level 2 data for substantially the full term of these derivative instruments. This observable data includes most interest rate futures and swap rates, which are retrieved or derived from available market data. Although we may extrapolate or interpolate this data, we do not otherwise alter this data in performing our valuations. We incorporate a credit risk valuation adjustment in our fair value measurements to estimate the impact of both our own nonperformance risk and the nonperformance risk of our counterparties. Our and our counterparties' credit spreads represent our most significant Level 3 inputs, and these inputs are used to derive the credit risk valuation adjustments with respect to our various interest rate and foreign currency derivative valuations. As we would not expect changes in our or our counterparties' credit spreads to have a significant impact on the valuations of these derivative instruments, we have determined that these valuations fall under Level 2 of the fair value hierarchy. Our credit risk valuation adjustments with respect to our cross-currency and interest rate swaps are quantified and further explained in note 5.

Fair value measurements are also used in connection with nonrecurring valuations performed in connection with impairment assessments and acquisition accounting. These nonrecurring valuations include the valuation of our company, customer relationship intangible assets, property and equipment and the implied value of goodwill. The valuation of our company (our only reporting unit) is based at least in part on discounted cash flow analyses. With the exception of certain inputs for our weighted average cost of capital and discount rate calculations that are derived from pricing services, the inputs used in our discounted cash flow analyses, such as forecasts of future cash flows, are based on our assumptions. The valuation of customer relationships is primarily based on an excess earnings methodology, which is a form of a discounted cash flow analysis. The excess earnings methodology requires us to estimate the specific cash flows expected from the customer relationship, considering such factors as estimated customer life, the revenue expected to be generated over the life of the customer, contributory asset charges and other factors. Tangible assets are typically valued using a replacement or reproduction cost approach, considering factors such as current prices of the same or similar equipment, the age of the equipment and economic obsolescence. The implied value of goodwill is determined by allocating the fair value of a reporting unit to all of the assets and liabilities of that unit as if the reporting unit had been acquired in a business combination, with the residual amount allocated to goodwill. All of our nonrecurring valuations use significant unobservable inputs and therefore fall under Level 3 of the fair value hierarchy. During the three months ended March 31, 2015 and 2014, we did not perform significant nonrecurring fair value measurements.

(7) Long-lived Assets

Property and Equipment, Net

The details of our property and equipment and the related accumulated depreciation are set forth below:

	March 31, 2015	December 31, 2014 (a)
	in millions	
Distribution systems	€ 2,924.5	€ 2,891.5
Customer premises equipment	644.2	638.5
Support equipment, buildings and land	477.3	446.4
	4,046.0	3,976.4
Accumulated depreciation	(1,139.8)	(1,004.8)
Total property and equipment, net	€ 2,906.2	€ 2,971.6

(a) As retrospectively revised - see note 4.

During the three months ended March 31, 2015 and 2014, we recorded non-cash increases related to certain vendor financing arrangements of €3.9 million and €3.0 million, respectively, which exclude related VAT of €0.1 million and €0.6 million, respectively, that were also financed by our vendors under these arrangements. In addition, during the three months ended March 31, 2015 and 2014, we recorded non-cash increases to our property and equipment related to assets acquired under capital lease arrangements of €2.8 million and €1.8 million, respectively. For additional information, see note 8.

Goodwill

The change in the carrying amount of our goodwill during the three months ended March 31, 2015 is set forth below (in millions):

Balance at January 1, 2015 (a)	€	7,111.8
Acquisition related adjustments		106.3
Balance at March 31, 2015	€	7,218.1

(a) As retrospectively revised - see note 4.

Intangible Assets Subject to Amortization, Net

The details of our intangible assets subject to amortization are set forth below:

	March 31, 2015			December 31, 2014 (a)		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
	in millions					
Customer relationships	€ 4,105.1	€ (352.6)	€ 3,752.5	€ 4,220.5	€ (251.8)	€ 3,968.7

(a) As retrospectively revised - see note 4.

(8) Debt and Capital Lease Obligations

The euro equivalents of the components of our consolidated debt and capital lease obligations are as follows:

	March 31, 2015		Estimated fair value (c)		Carrying value (d)	
	Weighted average interest rate (a)	Unused borrowing capacity (b)	March 31, 2015	December 31, 2014 (e)	March 31, 2015	December 31, 2014 (e)
				in millions		
Third-party debt:						
Ziggo Credit Facilities	3.64 %	€ 650.0	€ 4,892.6	€ 3,853.7	€ 4,828.8	€ 3,893.3
Subsidiaries:						
Ziggo SPE Notes	4.48 %	—	1,628.7	—	1,572.9	—
Ziggo Notes	6.82 %	—	918.8	894.5	888.4	890.0
Vendor financing (f)	2.75 %	—	3.3	13.7	3.6	13.9
Total third-party debt	4.18 %	650.0	€ 7,443.4	€ 4,761.9	7,293.7	4,797.2
Related-party debt:						
Liberty Global Broadband Note (g)	5.13 %	—	(h)	(h)	5,360.9	5,397.7
Liberty Global Services Notes Payable (i)	—	—	—	(h)	—	922.1
Liberty Global Europe Note (j)	—	—	—	(h)	—	78.5
Unitymedia Hessen Note (k)	—	—	—	(h)	—	27.5
Other (l)	5.97 %	—	—	(h)	4.8	13.5
Total related-party debt	5.13 %	—			5,365.7	6,439.3
Total debt	4.58 %	€ 650.0			12,659.4	11,236.5
Capital lease obligations:						
Third-party					0.4	0.5
Related-party					10.3	10.2
Total capital lease obligations					10.7	10.7
Total debt and capital lease obligations					12,670.1	11,247.2
Current maturities					(8.2)	(18.0)
Long-term debt and capital lease obligations					€ 12,661.9	€ 11,229.2

(a) Represents the weighted average interest rate in effect at March 31, 2015 for all borrowings outstanding pursuant to each debt instrument, including any applicable margin. The interest rates presented represent stated rates and do not include the impact of derivative instruments, deferred financing costs, original issue premiums or discounts or commitment fees, all of which affect our overall cost of borrowing. Including the effects of derivative instruments, original issue premiums and commitment fees, but excluding the impact of financing costs, our weighted average interest rate on our aggregate third-party variable- and fixed-rate indebtedness was 4.9% at March 31, 2015. For information regarding our derivative instruments, see note 5.

(b) Unused borrowing capacity represents the maximum availability under the Ziggo Revolving Facilities (as defined and described below) at March 31, 2015 without regard to covenant compliance calculations or other conditions precedent to borrowing. At March 31, 2015, the full amount of unused borrowing capacity was available to be borrowed under the Ziggo Revolving Facilities. When the relevant March 31, 2015 compliance reporting requirements have been completed and assuming no changes from March 31, 2015 borrowing levels, we anticipate the full amount of unused borrowing capacity under the Ziggo Revolving Facilities will continue to be available.

(c) The estimated fair values of our debt instruments are determined using the average of applicable bid and ask prices (mostly Level 1 of the fair value hierarchy). For additional information concerning fair value hierarchies, see note 6.

(d) Amounts include the impact of premiums and discounts, where applicable.

(e) As retrospectively revised - see note 4.

(f) Represents amounts owed pursuant to interest-bearing vendor financing arrangements that are primarily used to finance certain of our property and equipment additions. These obligations are generally due within one year. At March 31, 2015 and December 31, 2014, the amounts owed pursuant to these arrangements include nil and €0.8 million, respectively, of VAT that was paid on our behalf by the vendor. Repayments of vendor financing obligations are included in repayments of third-party debt and capital lease obligations in our condensed consolidated statements of cash flows.

(g) Represents amounts due to Liberty Global Broadband I Limited (**Liberty Global Broadband Limited**) pursuant to a loan agreement as defined and described below.

(h) The fair values are not subject to reasonable estimation due to the related-party nature of these loans.

(i) Represents an amount that was owed to Liberty Global Services B.V. (**Liberty Global Services**), a subsidiary of Liberty Global, as further described below.

(j) Represents an amount that was owed to Liberty Global Europe Holding B.V. (**Liberty Global Europe**), a subsidiary of Liberty Global, as further described below.

(k) Represents an amount that was owed to Unitymedia Hessen GmbH & Co. KG (**Unitymedia Hessen**), a subsidiary of Liberty Global, as further described below.

(l) The December 31, 2014 amount represents borrowings pursuant to a related-party vendor financing loan in connection with assets purchased on our behalf pursuant to vendor financing arrangements of UPC Broadband Holding. This loan is interest-bearing and the amount owed pursuant to this loan was settled in cash during the first quarter of 2015. Repayments of this vendor financing loan are included in repayments of related-party debt in our condensed consolidated statements of cash flows.

Ziggo Credit Facility

On January 27, 2014, in connection with Liberty Global's then pending acquisition of Ziggo Holding, Ziggo B.V. and certain subsidiaries entered into (i) a U.S. dollar-denominated term loan facility in an aggregate principal amount of $2,350.0 million (€2,190.4 million) (the **Ziggo Dollar Facility**), (ii) a euro-denominated term loan facility in an aggregate principal amount of €1,566.0 million (the **Ziggo Euro Facility**) and (iii) an aggregate €650.0 million in revolving credit facilities (the **Ziggo Revolving Facilities**), as further described below. The Ziggo Dollar Facility, the Ziggo Euro Facility and the Ziggo Revolving Facilities are collectively referred to herein as the "**Ziggo Credit Facility**." Ziggo B.V. is a wholly-owned subsidiary of Ziggo Bond Company B.V. (**Ziggo Bondco**), which is a wholly-owned subsidiary of Ziggo Holding.

Also on January 27, 2014, LGE HoldCo VII B.V., our wholly-owned subsidiary, entered into (i) a €434.0 million term loan facility (the **Ziggo Acquisition Facility**) and (ii) a euro-denominated revolving credit facility in an aggregate principal amount of €650.0 million (the **Ziggo Acquisition Revolving Facility**). Upon completion of the Ziggo Acquisition, (a) the Ziggo Acquisition Facility was rolled into the Ziggo Euro Facility and (b) the Ziggo Acquisition Revolving Facility was cancelled.

The details of our borrowings under the Ziggo Credit Facility as of March 31, 2015 are summarized in the following table:

Facility	Maturity	Interest rate	Facility amount (in borrowing currency) (a)		Unused borrowing capacity (b)	Carrying value (c)
					in millions	
Ziggo Dollar Facility (d)	January 15, 2022	LIBOR + 2.75%	$	2,350.0	€ —	€ 2,159.2
Ziggo Euro Facility (e)	January 15, 2022	EURIBOR + 3.00%	€	2,000.0	—	1,980.4
Senior Secured Proceeds Loan (f)	January 15, 2025	3.750%	€	800.0	—	800.0
Euro Senior Proceeds Loan (f)	January 15, 2025	4.625%	€	400.0	—	400.0
Dollar Senior Proceeds Loan (f)	January 15, 2025	5.875%	$	400.0	—	372.9
New Ziggo Credit Facility (g)	March 31, 2021	EURIBOR + 3.75%	€	689.2	—	689.2
Ziggo Revolving Facilities	June 30, 2020	(h)	€	650.0	650.0	—
Elimination of the Proceeds Loans in consolidation (i)					—	(1,572.9)
Total					€ 650.0	€ 4,828.8

(a) Except as described in (g) below, amounts represent total third-party facility amounts at March 31, 2015 without giving effect to the impact of discounts.

(b) At March 31, 2015, we had no limitation on our availability under the Ziggo Revolving Facilities. When the relevant March 31, 2015 compliance reporting requirements have been completed and assuming no changes from March 31, 2015 borrowing levels, we anticipate the full amount of unused borrowing capacity under the Ziggo Revolving Facilities will continue to be available.

(c) The carrying values of the Ziggo Dollar Facility and the Ziggo Euro Facility include the impact of discounts.

(d) The Ziggo Dollar Facility has a LIBOR floor of 0.75%.

(e) The Ziggo Euro Facility has a EURIBOR floor of 0.75%.

(f) Amounts relate to the Proceeds Loans, as defined and described below, which are eliminated in consolidation.

(g) In connection with the UPC Nederland Transfer, lenders under a bank facility at UPC Broadband Holding agreed to roll a €689.2 million facility into new term loans (the **SPV Term Loans**) under a new senior secured credit facility with Ziggo Secured Finance, as defined below, as the borrower (the **New Ziggo Credit Facility**). This transaction (the **Term Loan Roll**) was reflected as a deemed distribution in connection with the novation of third-party debt from another Liberty Global subsidiary in our condensed consolidated statement of owner's equity. As a result of the Term Loan Roll, the SPV Term Loans rolled into the New Ziggo Credit Facility on a cashless basis and a receivable was created owing from UPC Nederland to Ziggo Secured Finance. This receivable was funded on a cashless basis as one facility (the **Rollover Loan**) subject to the terms of the Senior Secured Proceeds Loan Facility, as defined below. The New Ziggo Credit Facility ranks equally with the Ziggo 2025 Senior Secured Notes, including with respect to the proceeds of enforcement of the Notes Collateral, as defined in the loan agreement, and the Rollover Loan ranks equally with the Senior Secured Proceeds Loan.

(h) The Ziggo Revolving Facilities include (i) a €600.0 million facility that bears interest at EURIBOR plus a margin of 2.75% and has a fee on unused commitments of 1.1% per year and (ii) a €50.0 million facility that bears interest at EURIBOR plus a margin of 2.00% and has a fee on unused commitments of 0.8% per year.

(i) Amounts relate to certain senior and senior secured notes, the Ziggo SPE Notes as defined and described below, issued by special purpose financing entities, the Ziggo SPEs as defined and described below, that are consolidated by Ziggo Group Holding. The proceeds from the Ziggo SPE Notes were used to fund the Proceeds Loans (as defined and described), with certain subsidiaries of Ziggo Group Holding as the borrowers. Accordingly, the amounts outstanding under the Proceeds Loans are eliminated in our condensed consolidated financial statements.

The Ziggo Credit Facility requires that certain subsidiaries of Ziggo Group Holding (as specified in the applicable indenture) that generate not less than 80% of such group's EBITDA (as specified in the Ziggo Credit Facility) in any financial year, guarantee the payment of all sums payable under the Ziggo Credit Facility and such group members are required to grant first-ranking security over all or substantially all of the assets to secure the payment of all sums payable. In addition, the holding company of each borrower must give a share pledge over its shares in such borrower and all rights under subordinated shareholder funding must be pledged.

In addition to mandatory prepayments which must be made for certain disposal proceeds (subject to certain de minimis thresholds), the facility agent may (if required by the majority lenders) cancel their commitments and declare the loans due and payable after 30 business days following the occurrence of a change of control.

The Ziggo Credit Facility contains certain customary events of default, the occurrence of which, subject to certain exceptions and materiality qualifications, would allow the lenders to (i) cancel the total commitments, (ii) accelerate all outstanding loans and terminate their commitments thereunder and/or (iii) declare that all or part of the loans be payable on demand. The Ziggo Credit Facility contains certain representations and warranties customary for facilities of this type, which are subject to exceptions and materiality qualifications.

The Ziggo Credit Facility restricts the ability of the borrowers to, among other things, (i) incur or guarantee certain financial indebtedness, (ii) make certain disposals, distributions and acquisitions and (iii) create certain security interests over their assets, in each case, subject to carve-outs from such limitations.

The Ziggo Credit Facility requires the borrowers to observe certain affirmative undertakings, which are subject to materiality and other customary and agreed exceptions. In addition, the Ziggo Credit Facility also requires compliance with certain financial covenants such as a senior net debt leverage ratio and a total net debt leverage ratio, as specified in the respective indentures.

The Ziggo Credit Facility permits certain members of the Ziggo Group Holding borrowing group to make certain distributions and restricted payments to its parent company (and indirectly to Liberty Global) through loans, advances or dividends, subject to compliance with applicable covenants.

Ziggo SPE Notes

In contemplation of the UPC Nederland Transfer, Liberty Global formed two special purpose financing entities, Ziggo Bond Finance B.V. (**Ziggo Bond Finance**) and its subsidiary, Ziggo Secured Finance B.V. (**Ziggo Secured Finance** and, together with Ziggo Bond Finance, the **Ziggo SPEs**) for the primary purpose of facilitating (i) the issuance of the Ziggo SPE Notes and (ii) the creation of the New Ziggo Credit Facility (each as defined and described below). The Ziggo SPEs are wholly-owned by a Dutch foundation.

On January 29, 2015, Ziggo Bond Finance issued (i) $400.0 million (€372.9 million) aggregate principal amount of 5.875% senior notes (the **Ziggo 2025 Dollar Senior Notes**) and (ii) €400.0 million aggregate principal amount of 4.625% senior notes (the **Ziggo 2025 Euro Senior Notes** and, together with the Ziggo 2025 Dollar Senior Notes, the **Ziggo 2025 Senior Notes**), in each case due January 15, 2025.

On February 4, 2015, Ziggo Secured Finance issued €800.0 million aggregate principal amount of 3.750% senior secured notes (the **Ziggo 2025 Senior Secured Notes** and, together with the Ziggo 2025 Senior Notes, the **Ziggo SPE Notes**) due January 15, 2025.

Ziggo SPE Notes	Maturity	Interest rate	Borrowing currency		Estimated fair value		Carrying value	
					in millions			
Ziggo 2025 Dollar Senior Notes	January 15, 2025	5.875%	$	400.0	€	391.7	€	372.9
Ziggo 2025 Euro Senior Notes	January 15, 2025	4.625%	€	400.0		416.0		400.0
Ziggo 2025 Senior Secured Notes	January 15, 2025	3.750%	€	800.0		821.0		800.0
Total					€	1,628.7	€	1,572.9

Ziggo Bond Finance used the proceeds of the Ziggo 2025 Senior Notes to fund a proceeds loan denominated in U.S. dollars, in an amount equal to the principal amount of the Ziggo 2025 Dollar Senior Notes (the **Dollar Senior Proceeds Loan**), and a proceeds loan denominated in euro, in an amount equal to the principal amount of the Ziggo 2025 Euro Senior Notes (the **Euro Senior Proceeds Loan**, and together with the Dollar Senior Proceeds Loan, the **Senior Proceeds Loans**) to UPC Nederland Holding (the **Senior Proceeds Loan Borrower**). Ziggo Secured Finance used the proceeds of the Ziggo 2025 Senior Secured Notes to fund a proceeds loan denominated in euro in an aggregate amount equal to the principal amount of the Ziggo 2025 Senior Secured Notes (the **Senior Secured Proceeds Loan**, and together with the Senior Proceeds Loans, the **Proceeds Loans**) to UPC Nederland Holding III B.V. (the **Senior Secured Proceeds Loan Borrower** and, together with the Senior Proceeds Loan Borrower, the **Proceeds Loan Borrowers**), subject to the terms of a senior secured proceeds loan facility (the **Senior Secured Proceeds Loan Facility**).

The net proceeds of the Ziggo SPE Notes, and ultimately the net proceeds from the Proceeds Loans, were placed into certain escrow accounts and were released from escrow on March 5, 2015, upon the UPC Nederland Transfer being consummated. The proceeds from the issuance of the Ziggo 2025 Euro Senior Notes and the Ziggo 2025 Senior Secured Notes, and ultimately the proceeds from the Euro Senior Proceeds Loan and the Senior Secured Proceeds Loan, were released from the escrow account and distributed directly to UPC Financing Partnership, an entity within the UPC Broadband Holding B.V. (**UPC Broadband Holding**) borrowing group and, as such, represents a non-cash issuance of debt. The proceeds from the Ziggo 2025 Dollar Senior Notes, and ultimately the Dollar Senior Proceeds Loan, were received by Ziggo Bond Finance and distributed to the UPC Broadband Holding borrowing group, which together with the distribution of the Euro Senior Proceeds Loan and the Senior Secured Proceeds Loan, were used to redeem a portion of the outstanding indebtedness of a subsidiary of UPC Broadband Holding. Prior to the UPC Nederland Transfer, UPC Broadband Holding indirectly owned 100% of UPC Nederland. In consideration for the distribution of the Proceeds Loans to the UPC Broadband Holding borrowing group, we entered into the Liberty Global Europe Holding Receivable, as defined and described in note 10.

Each of the Ziggo SPEs is dependent on payments from the applicable Proceeds Loan Borrowers in order to service its payment obligations under the applicable Ziggo SPE Notes. None of the Proceeds Loan Borrowers or any of their respective subsidiaries guarantee or provide any credit support for the Ziggo SPEs' obligations under the Ziggo SPE Notes, however certain subsidiaries of Ziggo Group Holding have agreed to be bound by the covenants in the indentures governing the Ziggo SPE Notes. Although the Proceeds Loan Borrowers have no equity or voting interest in any of the Ziggo SPEs, each of the Proceeds Loans creates a variable interest in the respective Ziggo SPE for which the applicable Proceeds Loan Borrowers is the primary beneficiary, as contemplated by U.S. GAAP. As such, the Proceeds Loan Borrowers and their parent entities, including Ziggo Group Holding, are required by the provisions of U.S. GAAP to consolidate the Ziggo SPEs. Accordingly, the amounts outstanding under the Proceeds Loans will be eliminated in Ziggo Group Holding's condensed consolidated financial statements.

The Ziggo SPE Notes are non-callable until January 15, 2020. At any time prior to January 15, 2020, Ziggo Secured Finance or Ziggo Bond Finance may redeem some or all of the Ziggo SPE Notes (as applicable) by paying a "make-whole" premium, which is the present value of all remaining scheduled interest payments to the first call date using the discount rate (as specified in the applicable indenture) as of the redemption date plus 50 basis points.

Ziggo Secured Finance or Ziggo Bond Finance may redeem some or all of the Ziggo SPE Notes (as applicable) at the following redemption prices (expressed as a percentage of the principal amount) plus accrued and unpaid interest and additional amounts (as specified in the applicable indenture), if any, to the redemption date, if redeemed during the twelve-month period commencing on January 15 of the years set forth below:

	Redemption price		
Year	**Ziggo 2025 Dollar Senior Notes**	**Ziggo 2025 Euro Senior Notes**	**Ziggo 2025 Senior Secured Notes**
2020	102.938%	102.313%	101.875%
2021	101.958%	101.542%	101.250%
2022	100.979%	100.771%	100.625%
2023 and thereafter	100.000%	100.000%	100.000%

Prior to January 15, 2020, the Senior Secured Proceeds Loan Borrower may instruct Ziggo Secured Finance during each 12-month period commencing on the date on which the Ziggo 2025 Senior Secured Notes are issued, to redeem up to 10% of the principal amount of the Ziggo 2025 Senior Secured Notes at a redemption price equal to 103% of the principal amount thereof plus accrued and unpaid interest up to (but excluding) the redemption date.

If Ziggo Secured Finance or Ziggo Bond Finance or the restricted subsidiaries experience changes in control (as specified in the applicable indenture) Ziggo Secured Finance or Ziggo Bond Finance (as applicable) must offer to repurchase the applicable Ziggo SPE Notes at a redemption price of 101%.

The call provisions, maturity and applicable interest rate for each of the Proceeds Loans will be substantially the same as those of the applicable series of the Ziggo SPE Notes described above.

The Ziggo 2025 Senior Notes are senior obligations of Ziggo Bond Finance that rank equally in right of payment with all existing and future senior debt of Ziggo Bond Finance and senior to all existing and future subordinated debt of Ziggo Bond Finance that is not subordinated to the Ziggo 2025 Senior Notes. The Ziggo 2025 Senior Secured Notes are senior obligations of Ziggo Secured Finance that rank equally in right of payment with all existing and future senior debt of Ziggo Secured Finance and are senior to all existing and future subordinated debt of Ziggo Secured Finance that is not subordinated to the Ziggo 2025 Senior Secured Notes. The Ziggo SPE Notes are secured by a first-ranking security interest over (i) all of the issued shares of the applicable Ziggo SPE and bank accounts of the Ziggo SPEs and (ii) the applicable Ziggo SPE's rights to and benefits from the applicable Proceeds Loans.

The Senior Secured Proceeds Loan is a senior obligation of the Senior Secured Proceeds Loan Borrower. The Senior Secured Proceeds Loan ranks equally with all existing and future senior debt of the Senior Secured Proceeds Loan Borrower and senior to all future subordinated debt of the Senior Secured Proceeds Loan Borrower. The obligations of the Senior Secured Proceeds Loan Borrower under the Senior Secured Proceeds Loan are guaranteed on a senior secured basis by certain subsidiaries of Ziggo Group Holding.

The Senior Proceeds Loans are senior obligations of the Senior Proceeds Loan Borrower. The Senior Proceeds Loans rank equally with all existing and future senior debt of the Senior Proceeds Loan Borrower and senior to all future subordinated debt of the Senior Proceeds Loan Borrower. The obligations of the Senior Proceeds Loan Borrower under each Senior Proceeds Loan are guaranteed on a senior basis by Ziggo Bondco.

Ziggo Notes

At March 31, 2015, the following senior notes were outstanding:

- €71.7 million principal amount of 3.625% senior secured notes due March 27, 2020 (the **Ziggo 2020 Euro Senior Secured Notes**); and
- €743.1 million principal amount of 7.125% senior notes due May 15, 2024 (the **Ziggo 2024 Euro Senior Notes**).

The Ziggo 2020 Euro Senior Secured Notes and Ziggo 2024 Euro Senior Notes are collectively referred to as the "**Ziggo Notes**."

The details of the Ziggo Notes as of March 31, 2015 are summarized in the following table:

Ziggo Notes	Maturity	Interest rate	Borrowing currency	Estimated fair value	Carrying value (a)
				in millions	
Ziggo 2020 Euro Senior Secured Notes	March 27, 2020	3.625%	€ 71.7	€ 73.5	€ 73.7
Ziggo 2024 Euro Senior Notes	May 15, 2024	7.125%	€ 743.1	845.3	814.7
Total				€ 918.8	€ 888.4

(a) Amounts include the impact of premiums, where applicable.

The Ziggo 2020 Euro Senior Secured Notes are senior secured obligations of Ziggo B.V. and are guaranteed on a senior secured basis by various subsidiaries of Ziggo B.V. The Ziggo 2020 Euro Senior Secured Notes are non-callable. At any time prior to maturity, Ziggo B.V. may redeem some or all of the Ziggo 2020 Euro Senior Secured Notes by paying a "make-whole" premium, which is the present value at such redemption date using the discount rate (as specified in the applicable indenture) as of the redemption date plus 50 basis points.

The Ziggo 2024 Euro Senior Notes are senior obligations of Ziggo Bondco and are secured by a pledge of the shares of Ziggo Bondco. The Ziggo 2024 Euro Senior Notes are non-callable until May 15, 2019. At any time prior to May 15, 2019, Ziggo Bondco may redeem some or all of the Ziggo 2024 Euro Senior Notes by paying a "make-whole" premium. Ziggo Bondco may redeem some or all of the Ziggo 2024 Euro Senior Notes at the following redemption prices (expressed as a percentage of the principal amount) plus accrued and unpaid interest and additional amounts (as specified in the applicable indenture), if any, to the redemption date, if redeemed during the twelve-month period commencing on May 15 of the years set forth below:

Year	Redemption price
2019	103.563%
2020	102.375%
2021	101.188%
2022 and thereafter	100.000%

The Ziggo 2024 Euro Senior Notes contain certain customary incurrence-based covenants that restrict the ability of Ziggo Bondco and certain subsidiaries to raise certain additional debt and make certain distributions or loans to other subsidiaries of Liberty Global.

If Ziggo B.V. or Ziggo Bondco sell certain assets or experience changes in control (as specified in the applicable indenture) Ziggo B.V. or Ziggo Bondco must offer to repurchase all of the relevant Ziggo Notes at a redemption price of 101%.

Related-party Debt

Liberty Global Broadband Note

In November 2014, we issued a €5,455.3 million note payable to Liberty Global Broadband Limited (the **Liberty Global Broadband Note**) related to the Ziggo Acquisition, as further described in note 3. The Liberty Global Broadband Note matures on May 15, 2025 and a fixed interest rate of 5.13%. Accrued interest is included in other long-term liabilities until the end of each fiscal year and then it is transferred to the loan balance. The net decrease in the balance of the Liberty Global Broadband Note during the three months ended March 31, 2015 is due to net repayments of €37.0 million.

Liberty Global Services Notes Payable

In December 2011, in connection with transactions whereby we converted net operating losses into additional tax basis in network assets (the **Network Transfer**), we issued a note payable to Liberty Global Services (the **Liberty Global Services Notes Payable**). In addition, in connection with the Network Transfer, UPC Western Europe issued to our company the UPC Western Europe Loans Receivable, as defined and described in note 10. The original principal balances attached to the Liberty Global Services Notes Payable and the UPC Western Europe Loans Receivable were equivalent and, therefore, no cash was exchanged between the related parties involved in the transaction. Accrued interest as of December 31, 2014 on the Liberty Global Services Notes Payable was included in other long-term liabilities in our condensed consolidated balance sheet. On March 5, 2015, we settled the Liberty Global Services Notes Payable and related accrued interest aggregating €1,002.3 million through (i) a non-cash settlement against amounts due on the UPC Western Europe Loans Receivable totaling €881.5 million, and (ii) a conversion to equity for the remaining balance of €120.8 million, which has been reflected as deemed contribution associated with the settlement of a loan payable in our condensed consolidated statement of owner's equity.

Liberty Global Europe Note

On March 16, 2012, UPC Equipment entered into a loan agreement with Liberty Global Europe (the **Liberty Global Europe Note**). The Liberty Global Europe Note (€78.5 million principal balance at December 31, 2014) bore interest at 9.29%. Accrued interest as of December 31, 2014 on the Liberty Global Europe Note was included in other long-term liabilities in our condensed consolidated balance sheet. As further described in note 1, we no longer consolidate UPC Equipment subsequent to December 31, 2014. As a result, during the first quarter of 2015, the Liberty Global Europe Note was effectively unwound upon the deconsolidation of UPC Equipment.

Unitymedia Hessen Note

On August 2, 2013, UMI entered into a loan agreement with Unitymedia Hessen (the **Unitymedia Hessen Note**). The Unitymedia Hessen Note had an initial maturity date of February 28, 2016. The Unitymedia Hessen Note (€27.5 million principal balance at December 31, 2014) bore interest at 2.47%. Accrued interest as of December 31, 2014 on the Unitymedia Hessen Note was included in other long-term liabilities in our condensed consolidated balance sheet. As further described in note 1, we no longer consolidate UMI subsequent to December 31, 2014. As a result, during the first quarter of 2015, the Unitymedia Hessen Note was effectively unwound resulting in a decrease to related-party debt upon the deconsolidation of UMI.

Maturities of Debt Obligations

The euro equivalents of the maturities of our debt obligations as of March 31, 2015 are presented below:

Debt:

	Third-party debt (a)	Related-party debt	Total
		in millions	
Year ending December 31:			
2015 (remainder of year)	€ —	€ —	€ —
2016	3.6	—	3.6
2017	—	—	—
2018	—	—	—
2019	—	—	—
2020	71.7	—	71.7
Thereafter	7,195.7	5,365.7	12,561.4
Total debt maturities	7,271.0	5,365.7	12,636.7
Unamortized premium, net	22.7	—	22.7
Total debt	€ 7,293.7	€ 5,365.7	€ 12,659.4
Current portion	€ 3.4	€ —	€ 3.4
Noncurrent portion	€ 7,290.3	€ 5,365.7	€ 12,656.0

(a) Amounts include the Ziggo SPE Notes issued by the Ziggo SPEs. As described above, the Ziggo SPEs are consolidated by Ziggo Group Holding.

(9) Income Taxes

Our condensed consolidated financial statements include the income taxes on a separate return basis of (i) Ziggo Group Holding, UPC Nederland Holding and its Dutch subsidiaries, (ii) HoldCo VI and its Dutch subsidiaries, (iii) UPC Equipment during the 2014 period, (iv) UPC International during the 2014 period and (v) UMI during the 2014 period based on the local tax law.

Ziggo Group Holding, UPC Nederland Holding and its Dutch subsidiaries are part of a Dutch tax fiscal unity (the **Dutch Fiscal Unity**) with its ultimate Dutch parent company, Liberty Global Holding B.V. (**Liberty Global Holding**), and certain other non-UPC Nederland subsidiaries. The Dutch Fiscal Unity combines individual tax-paying Dutch entities and their ultimate Dutch parent company as one taxpayer for Dutch tax purposes. Intercompany tax allocations from the Dutch Fiscal Unity are not subject to tax-sharing agreements and no cash payments are made between the companies related to the Dutch tax attributes. Accordingly, any intercompany tax allocations are reflected as an adjustment of accumulated net contributions in our condensed consolidated statements of owner's equity. In addition, HoldCo VI and its Dutch subsidiaries form another standalone fiscal unity within these condensed consolidated financial statements.

Furthermore, UMI has entered into a tax integration agreement and a profit-sharing agreement with its immediate parent, Unitymedia Hessen, who is primarily liable for the related tax obligations. As a result, UMI's income is fully attributed to Unitymedia Hessen and no provision for income taxes has been made in our condensed consolidated financial statements for UMI on a separate return basis for the three months ended March 31, 2014.

Income tax expense attributable to our earnings (loss) before income taxes differs from the amounts computed using the Dutch income tax rate of 25.0%, as a result of the following:

	Three months ended March 31,	
	2015	2014 (a)
	in millions	
Computed “expected” tax benefit (expense)	€ 37.2	€ (7.6)
Recognition of previously unrecognized tax benefits	7.9	—
Deduction associated with technology innovation	3.5	—
Non-deductible or non-taxable interest and other expenses	(1.0)	—
Basis and other differences in the treatment of items associated with investment in subsidiaries and affiliates	(0.3)	(7.6)
Other, net	(1.0)	—
Total income tax benefit (expense)	€ 46.3	€ (15.2)

(a) As retrospectively revised - see note 4.

(10) Related-party Transactions

Our related-party transactions are as follows:

	Three months ended March 31,	
	2015	2014 (a)
	in millions	
Revenue	€ 0.4	€ 0.6
Operating expenses	(10.3)	(13.3)
SG&A expenses	(1.1)	(0.4)
Allocated share-based compensation expense	(1.1)	(0.2)
Fees and allocations:		
Operating and SG&A related (exclusive of depreciation and share-based compensation)	(17.2)	(7.0)
Depreciation and share-based compensation	(16.0)	(5.3)
Management fee	(6.4)	(9.0)
Total fees and allocations	(39.6)	(21.3)
Included in operating income	(51.7)	(34.6)
Interest expense	(71.7)	(22.6)
Interest income	16.1	29.9
Intercompany tax allocations	(1.3)	(18.6)
Included in net earnings (loss)	€ (108.6)	€ (45.9)
Property and equipment additions, net	€ 21.7	€ 15.5

(a) As retrospectively revised - see note 4.

General. Certain Liberty Global subsidiaries charge fees and allocate costs and expenses to our company. Depending on the nature of these related-party transactions, the amount of the charges or allocations may be based on (i) our estimated share of the underlying costs, (ii) our estimated share of the underlying costs plus a mark-up or (iii) commercially-negotiated rates. Through June 30, 2014, our related-party operating and SG&A expenses and our related-party fees and allocations generally were based on our company's estimated share of the applicable estimated costs (including personnel-related and other costs associated with the services provided) incurred by the applicable Liberty Global subsidiaries. The estimated amounts charged were reviewed and revised on an annual basis, with any differences between the revised and estimated amounts recorded in the period identified, generally the first quarter of the following year. The revision to reflect the actual costs underlying our related-party fees and allocations for 2013 amounted to an increase of €0.7 million in our billings from a subsidiary of Liberty Global, which was recorded during the first quarter of 2014. The revision to reflect actual costs for our related-party operating and SG&A expenses for 2013 was not material. During the third quarter of 2014, Liberty Global and its subsidiaries began basing the fees charged and amounts allocated on actual costs incurred. As a result, during the third quarter of 2014, we recorded a €7.7 million increase to the fees and allocations charged to our company by a subsidiary of Liberty Global to reflect the impact of this change in methodology as of January 1, 2014. The impact of this change in methodology on our related-party operating and SG&A expenses was not material. Although we believe that the related-party charges and allocations described below are reasonable, no assurance can be given that the related-party costs and expenses reflected in our condensed consolidated statements of operations are reflective of the costs that we would incur on a standalone basis.

During the first quarter of 2015, Liberty Global transferred certain entities that incur central and other administrative costs (the **Corporate Entities Transfer**) from one subsidiary to certain other Liberty Global subsidiaries that are outside of Liberty Global's borrowing groups. In connection with the Corporate Entities Transfer, Liberty Global changed the processes it uses to charge fees and allocate costs and expenses from one subsidiary to another, which, as further described below, impact the calculation of the "EBITDA" metric specified by our debt agreements (Covenant EBITDA). This new methodology (the **2015 Liberty Global Allocation Methodology**) is intended to ensure that Liberty Global continues to allocate its central and administrative costs to its borrowing groups on a fair and rational basis. Subject to the specific terms contained in our debt agreements, the implementation of the 2015 Liberty Global Allocation Methodology impacts the calculation of the Covenant EBITDA for our company. In this regard, the components of related-party fees and allocations that are deducted to arrive at our Covenant EBITDA are based on (i) the amount and nature of costs incurred by the allocating Liberty Global subsidiaries during the period, (ii) the allocation methodologies in effect during the period and (iii) the size of the overall pool of entities that are charged fees and allocated costs, such that changes in any of these factors would likely result in changes to the amount of related-party fees and allocations that will be deducted to arrive at our Covenant EBITDA in future periods. For example, to the extent that a Liberty Global subsidiary borrowing group was to acquire (sell) an operating entity, and assuming no change in the total costs incurred by the allocating entities, the fees charged and the costs allocated to our company would decrease (increase).

Revenue. Amounts represent charges for certain commercial telephony services provided to other Liberty Global subsidiaries and affiliates.

Operating expenses. Amounts represent charges from other Liberty Global subsidiaries and affiliates primarily related to (i) programming and related services provided to our company of €8.0 million and €5.3 million during the three months ended March 31, 2015 and 2014, respectively, and (ii) certain backbone and other network-related expenses of €2.3 million and €1.5 million during the three months ended March 31, 2015 and 2014, respectively.

SG&A expenses. Amounts consist primarily of information technology-related charges and other SG&A charges from other Liberty Global subsidiaries.

Allocated share-based compensation expense. Amounts are allocated to our company by Liberty Global and represent share-based compensation associated with the Liberty Global share-based incentive awards held by certain Ziggo Group Holding employees.

Fees and allocations. These amounts represent fees charged to our company that originate with Liberty Global and certain other Liberty Global subsidiaries, and include charges for management, finance, legal, technology, marketing and other services that support our company's operations, including the use of the UPC trademark. The categories of our fees and allocations, net, are as follows:

- *Operating and SG&A related (exclusive of depreciation and share-based compensation).* The amounts included in this category, which are cash settled, represent our estimated share of certain centralized technology, management, marketing, finance and other operating and SG&A expenses of Liberty Global's European operations, whose activities benefit multiple operations, including operations within and outside of our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global's European operations, without a mark-up.

- *Depreciation and share-based compensation.* The amounts included in this category, which are loan settled, represent our estimated share of (i) depreciation of assets not owned by our company and (ii) share-based compensation associated with Liberty Global employees who are not employees of our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global's European operations, without a mark-up.

- *Management fee.* The amounts included in this category, which are loan settled, represent our estimated allocable share of (i) operating and SG&A expenses related to the stewardship services provided by certain Liberty Global subsidiaries and (ii) the mark-up, if any, applicable to each category of the related-party fees and allocations charged to our company.

During the first three quarters of 2014, a subsidiary of Liberty Global allocated technology-based costs to our company and other Liberty Global subsidiaries based on each subsidiaries' estimated proportionate share of these costs. During the fourth quarter of 2014, the approach used to charge technology-based fees was changed to a royalty-based method that was made retroactively effective to January 1, 2014. For the three months ended March 31, 2015, our €23.9 million proportional share of the technology-based costs was €8.5 million more than the royalty-based technology fee charged under the new approach. Accordingly, the €8.5 million has been reflected as a deemed contribution of technology-related services in our condensed consolidated statement of owner's equity. The charges under the new royalty-based fee are expected to escalate in future periods. Any excess of these charges over our estimated proportionate share of the underlying technology-based costs will be classified as a management fee and added back to arrive at Covenant EBITDA.

Interest expense. Amounts relate to the Liberty Global Broadband Note, the Liberty Global Services Notes Payable, the Liberty Global Europe Note, the Unitymedia Hessen Note and a vendor financing loan. For additional information, see note 8.

Interest income. Amounts relate to the UPC Western Europe Loans Receivable and the UPC Broadband Loan Receivable (each as defined and described below) and, during the three months ended March 31, 2014, a loan receivable from UPC Broadband Holding that was settled during the fourth quarter of 2014.

Intercompany tax allocations. Amounts represent intercompany tax allocations from the Dutch Fiscal Unity. The Dutch Fiscal Unity combines individual tax-paying Dutch entities and their ultimate Dutch parent company as one taxpayer for Dutch tax purposes. Intercompany tax allocations from the Dutch Fiscal Unity are not subject to tax-sharing agreements and no cash payments are made between the companies related to the Dutch tax attributes. Accordingly, any intercompany tax allocations are reflected as an adjustment of accumulated net contributions in our condensed consolidated statement of owners's equity.

Property and equipment additions, net. These amounts (i) primarily represent new customer premises and network-related equipment acquired from other Liberty Global subsidiaries, generally at cost, net of the carrying values of equipment transferred to other Liberty Global subsidiaries outside of Ziggo Group Holding, and (ii) are generally cash settled. These Liberty Global subsidiaries, which are outside of Ziggo Group Holding, centrally procure equipment on behalf of our company and various other Liberty Global subsidiaries. Additionally, the excess of the consideration received over the aggregate carrying values of the equipment transferred to Liberty Global subsidiaries outside of Ziggo Group Holding is recorded as an increase to contributions and accumulated earnings in excess of distributions in our condensed consolidated statement of owner's equity.

The following table provides details of our related-party balances:

	March 31, 2015	December 31, 2014 (a)
	in millions	
Assets:		
Related-party receivables	€ 2.9	€ 8.7
Loans receivable – related-party:		
Liberty Global Europe Holding Receivable (b)	1,569.3	—
UPC Western Europe Loan Receivable (c)	—	922.1
UPC Broadband Loan Receivable (d)	—	853.1
Total loans receivable	1,569.3	1,775.2
Other assets, net (e)	172.5	132.7
Total assets	€ 1,744.7	€ 1,916.6
Liabilities:		
Accounts payable (f)	€ 38.2	€ 17.5
Accrued and other current liabilities (f)	66.8	44.6
Debt and capital lease obligations (g)	5,376.0	6,449.5
Long-term accrued interest (h)	69.7	117.6
Total liabilities	€ 5,550.7	€ 6,629.2

____

(a) As retrospectively revised - see note 4.

(b) Represents a non-interest bearing loan receivable due January 15, 2025 from Liberty Global Europe (the **Liberty Global Europe Holding Receivable**) that was established in connection with the disbursement of funds to the UPC Broadband Holding borrowing group from the issuance of the Proceeds Loans, as further described in note 8.

(c) Represents loans receivable from UPC Western Europe (the **UPC Western Europe Loans Receivable**) issued in connection with the Network Transfer and the related issuance of the Liberty Global Services Notes Payable. Accrued interest of €70.6 million as of December 31, 2014 on the UPC Western Europe Loans Receivable, which bore an interest rate of 6.80% at December 31, 2014, is included in other assets, net in our condensed consolidated balance sheet and was transferred to the loan balance on January 1, 2015. On March 5, 2015, €112.6 million of the UPC Western Europe Loans Receivable, which is represented by €111.2 million of principal and €1.4 million of accrued interest, was converted to equity and has been reflected as a non-cash deemed distribution in our condensed consolidated statement of owner's equity. Also on March 5, 2015, the remaining amounts due on the UPC Western Europe Loans Receivable aggregating €881.5 million, which is represented by €818.8 million principal and €62.7 million of accrued interest, was non-cash settled against the Liberty Global Services Note Payable, as further described in note 8.

(d) Represents a loan receivable from UPC Broadband Holding (the **UPC Broadband Loan Receivable**), which bore an interest rate of 9.29% at December 31, 2014. Accrued interest is included in other assets, net in our condensed consolidated balance sheet until the end of each fiscal year and then it is transferred to the loan receivable balance. During the first three months of 2015, the UPC Broadband Loan Receivable increased by €76.8 million related to non-cash accrued interest and decreased by €89.3 million related to cash payments. On March 5, 2015, the €840.6 million outstanding balance was converted to equity and this transaction has been reflected as a non-cash deemed distribution in our condensed consolidated statement of owner's equity.

(e) The March 31, 2015 amount represents a loan receivable from a subsidiary of UPC Broadband Holding related to certain derivatives that were novated in connection with the UPC Nederland Transfer. This amount was settled in April 2015 through a non-cash decrease to the Liberty Global Broadband Note. The December 31, 2014 amount represents accrued interest income related to the UPC Western Europe Loans Receivable and the UPC Broadband Loan Receivable, each of which was non-cash settled during the first quarter of 2015 in conjunction with the settlement of the respective loan agreement.

(f) Represents the non-interest bearing payables, accrued capital expenditures for property and equipment acquired and other accrued liabilities from other Liberty Global subsidiaries that may be cash or loan settled.

(g) Represents debt and capital lease obligations, as further described in note 8.

(h) Amounts represent accrued interest related to the Liberty Global Broadband Note. In addition, the December 31, 2014 amount includes accrued interest related to the Liberty Global Services Notes Payable, the Liberty Global Europe Note, the Unitymedia Hessen Note and a vendor financing loan that is included in other long-term liabilities on our condensed consolidated balance sheets.

(11) Commitments and Contingencies

Commitments

In the normal course of business, we have entered into agreements that commit our company to make cash payments in future periods with respect to programming contracts, non-cancelable operating leases, purchases of customer premises and other equipment, network and connectivity commitments and other items. These commitments as of March 31, 2015 are presented below:

	Payments due during:							
	Remainder of 2015	2016	2017	2018	2019	2020	Thereafter	Total
	in millions							
Programming commitments	€ 47.6	€ 49.8	€ 21.2	€ —	€ —	€ —	€ —	€ 118.6
Operating leases	19.5	20.1	17.4	13.8	8.4	5.7	11.1	96.0
Purchase commitments	22.6	—	0.9	—	—	—	—	23.5
Network and connectivity commitments	8.7	0.2	—	—	—	—	—	8.9
Other commitments	14.1	11.4	6.5	2.5	2.6	2.5	3.8	43.4
Total (a)	€ 112.5	€ 81.5	€ 46.0	€ 16.3	€ 11.0	€ 8.2	€ 14.9	€ 290.4

(a) The commitments reflected in this table do not reflect any liabilities that are included in our March 31, 2015 condensed consolidated balance sheet.

Programming commitments consist of obligations associated with certain of our programming contracts that are enforceable and legally binding on us in that we have agreed to pay minimum fees without regard to (i) the actual number of subscribers to the programming services or (ii) whether we terminate service to a portion of our subscribers or dispose of a portion of our distribution systems. In addition, programming commitments do not include increases in future periods associated with contractual inflation or other price adjustments that are not fixed. Accordingly, the amounts reflected in the above table with respect to these contracts are significantly less than the amounts we expect to pay in these periods under these contracts. Payments to programming vendors have in the past represented, and are expected to continue to represent in the future, a significant portion of our operating costs. In this regard, during the three months ended March 31, 2015 and 2014, the programming and copyright costs incurred by our operations aggregated €72.0 million and €29.0 million, respectively.

Purchase commitments include unconditional purchase obligations associated with commitments to purchase customer premises and other equipment that are enforceable and legally binding on us, including €4.1 million associated with related-party purchase obligations.

Network and connectivity commitments include commitments associated with (i) fiber leasing, (ii) satellite carriage services provided to our company and (iii) commitments associated with our mobile virtual network operator (**MVNO**) agreements. The amounts reflected in the table with respect to certain of our MVNO commitments represent fixed minimum amounts payable under these agreements and, therefore, may be significantly less than the actual amounts we ultimately pay in these periods.

Other commitments include certain fixed minimum contractual commitments associated with our agreements with municipal authorities.

In addition to the commitments set forth in the table above, we have significant commitments under (i) derivative instruments and (ii) defined contribution benefit plans for our and our subsidiaries' employees, pursuant to which we expect to make payments in future periods. For information regarding our derivative instruments, including the net cash paid or received in connection with these instruments during the three months ended March 31, 2015 and 2014, see note 5.

We also have commitments pursuant to agreements with, and obligations imposed by, franchise authorities and municipalities, which may include obligations in certain markets to move aerial cable to underground ducts or to upgrade, rebuild or extend portions of our broadband communication systems. Such amounts are not included in the above table because they are not fixed or determinable.

Guarantees and Other Credit Enhancements

In the ordinary course of business, we may provide indemnifications to our lenders, our vendors and certain other parties and performance and/or financial guarantees to local municipalities, our customers and vendors. Historically, these arrangements have not resulted in our company making any material payments and we do not believe that they will result in material payments in the future.

Legal and Regulatory Proceedings and Other Contingencies

Other Regulatory Issues. Video distribution, broadband internet, fixed-line telephony and mobile businesses are subject to significant regulation and supervision by various regulatory bodies in the Netherlands including Dutch and European Union authorities. Adverse regulatory developments could subject our businesses to a number of risks. Regulation, including conditions imposed on us by competition or other authorities as a requirement to close acquisitions or dispositions, could limit growth, revenue and the number and types of services offered and could lead to increased operating costs and property and equipment additions. In addition, regulation may restrict our operations and subject them to further competitive pressure, including pricing restrictions, interconnect and other access obligations, and restrictions or controls on content, including content provided by third parties. Failure to comply with current or future regulation could expose our businesses to various penalties.

Other. In addition to the foregoing items, we have contingent liabilities related to matters arising in the ordinary course of business, including (i) legal proceedings, (ii) issues involving VAT and wage, property and other tax issues, and (iii) disputes over interconnection, programming, copyright and carriage fees. While we generally expect that the amounts required to satisfy these contingencies will not materially differ from any estimated amounts we have accrued, no assurance can be given that the resolution of one or more of these contingencies will not result in a material impact on our results of operations, cash flows or financial position in any given period. Due, in general, to the complexity of the issues involved and, in certain cases, the lack of a clear basis for predicting outcomes, we cannot provide a meaningful range of potential losses or cash outflows that might result from any unfavorable outcomes.

(12) Segment Reporting

We operate in one geographical area, the country of the Netherlands, within which we provide video, broadband internet, fixed-line telephony and mobile services to residential and business customers.

Our revenue by major category is set forth below:

	Three months ended March 31,	
	2015	2014 (a)
	in millions	
Subscription revenue (b):		
Video	€ 273.6	€ 115.2
Broadband internet	174.9	51.7
Fixed-line telephony	119.7	44.3
Cable subscription revenue	568.2	211.2
Mobile subscription revenue (c)	5.6	0.1
Total subscription revenue	573.8	211.3
Business-to-business (**B2B**) revenue (d)	41.4	14.3
Other revenue (e)	12.6	6.5
Total revenue	€ 627.8	€ 232.1

(a) As retrospectively revised - see note 4.

(b) Subscription revenue includes amounts received from subscribers for ongoing services, excluding installation fees and late fees. Subscription revenue from subscribers who purchase bundled services at a discounted rate is generally allocated proportionally to each service based on the standalone price for each individual service. As a result, changes in the standalone pricing of our cable and mobile products or the composition of bundles can contribute to changes in our product revenue categories from period to period.

(c) Mobile subscription revenue excludes mobile interconnect revenue of €0.7 million and nil during the three months ended March 31, 2015 and 2014, respectively. Mobile interconnect revenue and revenue from mobile handset sales are included in other revenue.

(d) B2B revenue includes revenue from business broadband internet, video, voice, wireless and data services offered to medium to large enterprises and, on a wholesale basis, to other operators. We also provide services to certain small office and home office (**SOHO**) subscribers. SOHO subscribers pay a premium price to receive enhanced service levels along with video, broadband internet, fixed-line telephony or mobile services that are the same or similar to the mass marketed products offered to our residential subscribers. Revenue from SOHO subscribers, which aggregated €18.3 million and €5.6 million during the three months ended March 31, 2015 and 2014, respectively, is included in cable subscription revenue.

(e) Other revenue includes, among other items, interconnect revenue, installation fees and late fees.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis, which should be read in conjunction with the consolidated financial statements and notes thereto included in the 2014 annual report of UPC Nederland, is intended to assist in providing an understanding of our financial condition, changes in financial condition and results of operations and is organized as follows:

- *Forward-Looking Statements.* This section provides a description of certain factors that could cause actual results or events to differ materially from anticipated results or events.
- *Overview.* This section provides a general description of our business and recent events and includes pro forma statistical data that gives effect to the Ziggo Acquisition.
- *Material Changes in Results of Operations.* This section provides an analysis of our historical results of operations for the three months ended March 31, 2015 and our pro forma results from operations for the three months ended March 31, 2014.
- *Material Changes in Financial Condition.* This section provides an analysis of our liquidity, condensed consolidated statements of cash flows and contractual commitments.

The capitalized terms used below have been defined in the notes to our condensed consolidated financial statements. In the following text, the terms, "we," "our," "our company" and "us" may refer, as the context requires, to Ziggo Group Holding or collectively to Ziggo Group Holding and its subsidiaries.

Unless otherwise indicated, convenience translations into euros are calculated as of March 31, 2015.

Forward-Looking Statements

Certain statements in this quarterly report constitute forward-looking statements. To the extent that statements in this quarterly report are not recitations of historical fact, such statements constitute forward-looking statements, which, by definition, involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. In particular, statements under *Management's Discussion and Analysis of Financial Condition and Results of Operations* may contain forward-looking statements, including statements regarding our business, product, foreign currency and finance strategies, our property and equipment additions, subscriber growth and retention rates, competitive, regulatory and economic factors, the impacts of transactions, the maturity of our markets, the anticipated impacts of new legislation (or changes to existing rules and regulations), anticipated revenue decreases or cost increases, liquidity, credit risks, foreign currency risks, target leverage levels, our future projected contractual commitments and cash flows and other information and statements that are not historical fact. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. In evaluating these statements, you should consider the risks and uncertainties in the following list of some but not all of the factors that could cause actual results or events to differ materially from anticipated results or events:

- economic and business conditions and industry trends in the markets in which we operate;
- the competitive environment in the Netherlands, including competitor responses to our products and services;
- fluctuations in currency exchange rates and interest rates;
- instability in global financial markets, including sovereign debt issues and related fiscal reforms;
- consumer disposable income and spending levels, including the availability and amount of individual consumer debt;
- changes in consumer television viewing preferences and habits;

- consumer acceptance of our existing service offerings, including our enhanced video, broadband internet, fixed-line telephony, mobile and business service offerings, and of new technology, programming alternatives and other products and services that we may offer in the future;
- our ability to manage rapid technological changes;
- our ability to maintain or increase the number of subscriptions to our enhanced video, broadband internet, fixed-line telephony and mobile service offerings and our average revenue per household;
- our ability to provide satisfactory customer service, including support for new and evolving products and services;
- our ability to maintain or increase rates to our subscribers or to pass through increased costs to our subscribers;
- the impact of our future financial performance, or market conditions generally, on the availability, terms and deployment of capital;
- changes in, or failure or inability to comply with, government regulations in the markets in which we operate and adverse outcomes from regulatory proceedings;
- government intervention that opens our broadband distribution networks to competitors;
- our ability to obtain regulatory approval and satisfy other conditions necessary to close acquisitions and dispositions and the impact of conditions imposed by competition and other regulatory authorities in connection with acquisitions, including the impact of the conditions imposed in connection with the Ziggo Acquisition;
- our ability to successfully acquire new businesses and, if acquired, to integrate, realize anticipated efficiencies from, and implement our business plan with respect to, the businesses we or Liberty Global have acquired or may acquire, such as with respect to the Ziggo Acquisition;
- changes in laws or treaties relating to taxation, or the interpretation thereof, in the markets in which we operate;
- changes in laws and government regulations that may impact the availability and cost of credit and the derivative instruments that hedge certain of our financial risks;
- the ability of suppliers and vendors to timely deliver quality products, equipment, software, services and access;
- the availability of attractive programming for our enhanced video services and the costs associated with such programming, including retransmission and copyright fees payable to public and private broadcasters;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- our ability to adequately forecast and plan future network requirements;
- the availability of capital for the acquisition and/or development of telecommunications networks and services;
- problems we may discover post-closing with the operations we acquire, including in relation to the Ziggo Acquisition;
- the leakage of sensitive customer data;
- the outcome of any pending or threatened litigation;
- the loss of key employees and the availability of qualified personnel;
- changes in the nature of key strategic relationships with partners and joint venturers; and
- events that are outside of our control, such as political unrest in international markets, terrorist attacks, malicious human acts, natural disasters, pandemics and other similar events.

The broadband distribution and mobile service industries are changing rapidly and, therefore, the forward-looking statements of expectations, plans and intent in this quarterly report are subject to a significant degree of risk. These forward-looking statements and the above-described risks, uncertainties and other factors speak only as of the date of this quarterly report, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based. Readers are cautioned not to place undue reliance on any forward-looking statement.

Overview

We are a subsidiary of Liberty Global that provides video, broadband internet, fixed-line telephony and mobile services to residential and business customers in the Netherlands.

As further described in notes 1 and 4 to our condensed consolidated financial statements, we completed the UPC Nederland Transfer and the HoldCo VI Transfer in March 2015 and have accounted for these transfers as transactions between entities under common control. Accordingly, we have reflected these transfers at carryover basis and our condensed consolidated financial statements have been retrospectively revised to give effect to these transfers for all periods in which Ziggo Group Holding, UPC Nederland Holding and HoldCo VI were under the common control of Liberty Global.

At March 31, 2015, we owned and operated networks that passed 6,993,600 homes and served 9,884,800 revenue generating units (**RGU**s), consisting of 4,239,900 video subscribers (including 3,368,100 enhanced video subscribers), 3,076,300 broadband internet subscribers and 2,568,600 fixed-line telephony subscribers. In addition, at March 31, 2015, we served 158,400 mobile subscribers.

During the first quarter of 2015, we modified certain video subscriber definitions to better align these definitions with the underlying services received by our subscribers and have replaced our "digital cable" and "analog cable" subscriber definitions with "enhanced video" and "basic video," respectively. A basic video subscriber receives our video service via an analog video signal or a digital video signal without subscribing to any recurring monthly service that requires the use of encryption-enabling technology. An enhanced video subscriber receives our video service via a digital video signal while subscribing to any recurring monthly service that requires the use of encryption-enabling technology.

We are experiencing significant competition from (i) an incumbent telecommunications operator that is overbuilding our networks with fiber-to-the-home, -cabinet, -building or -node and advanced digital subscriber line technologies, (ii) direct-to-home operators and/or (iii) other providers. This significant competition, together with the maturation of our market, contributed to declines in RGUs.

We lost 46,600 RGUs on an organic basis during the three months ended March 31, 2015, as compared to 48,800 RGUs that we added on a pro forma basis during the three months ended March 31, 2014. The organic RGU loss during the three months ended March 31, 2015 is attributable to the net effect of (i) a decrease of 30,300 basic video RGUs, (ii) a decrease of 19,200 enhanced video RGUs, (iii) an increase of 10,300 broadband internet RGUs and (iv) a decrease of 7,400 fixed-line telephony RGUs.

Material Changes in Results of Operations

General

This section provides an analysis of our results of operations for the three months ended March 31, 2015 and 2014. As further explained in notes 1 and 4 to our condensed consolidated financial statements, the operating results of Ziggo Holding are not included in our historical condensed consolidated statements of operations prior to November 11, 2014. In order to provide meaningful comparisons, the following discussion and analysis of our results of operations for the three months ended March 31, 2014 is based on pro forma statements of operations and statistical data that give effect to (i) the Ziggo Acquisition and the related November 2014 financing transactions, (ii) the UPC Nederland Transfer and (iii) the HoldCo VI Transfer as of January 1, 2014. As a result, the pro forma condensed consolidated statement of operations for the three months ended March 31, 2014 that we present below includes (a) the historical operating results of Ziggo Holding for the full period and (b) adjustments to (1) reflect the new basis of accounting resulting from the Ziggo Acquisition and (2) conform Ziggo Holding's accounting policies to the

Liberty Global accounting policies followed by Ziggo Group Holding. For additional information regarding the UPC Nederland Transfer and the HoldCo VI Transfer, see note 4.

Financial Performance

Historical results for the three months ended March 31, 2015 compared to pro forma results for the corresponding 2014 period are set forth below (in millions):

	Three months ended March 31,	
	2015	**2014**
		pro forma (a)
Revenue	€ 627.8	€ 627.5
Operating costs and expenses:		
Operating (other than depreciation and amortization)	200.2	197.5
SG&A (including share-based compensation)	102.9	89.3
Related-party fees and allocations	39.6	36.0
Depreciation and amortization	269.5	232.6
Impairment, restructuring and other operating items, net	6.3	1.7
	618.5	557.1
Operating income	9.3	70.4
Non-operating income (expense):		
Interest expense:		
Third-party	(65.7)	(43.2)
Related-party	(71.7)	(22.6)
Interest income – related-party	16.1	29.9
Realized and unrealized gains (losses) on derivative instruments, net	227.6	(83.2)
Foreign currency transaction gains (losses), net	(261.6)	0.8
Losses on debt modification and extinguishment, net	(0.9)	(64.0)
Other expense, net	(1.7)	(2.7)
	(157.9)	(185.0)
Loss before income taxes	(148.6)	(114.6)
Income tax benefit	46.3	30.2
Net loss	(102.3)	(84.4)
Net loss attributable to noncontrolling interests	—	0.6
Net loss attributable to parent	€ (102.3)	€ (83.8)

(a) For information regarding our assumptions for the pro forma results for the 2014 period, see *Material Changes in Results of Operations - General* above.

Revenue

Revenue includes revenue earned from (i) subscribers to our broadband communications and mobile services and (ii) B2B services, interconnect, installation fees, and late fees. Consistent with the presentation of our revenue categories in note 12 to our condensed consolidated financial statements, we use the term "subscription revenue" in the following discussion to refer to amounts received from subscribers for ongoing services, excluding installation fees and late fees. In the following table, mobile subscription revenue excludes the related interconnect revenue.

We pay interconnection fees to other telephony providers when calls or text messages from our subscribers terminate on another network, and we receive similar fees from such providers when calls or text messages from their customers terminate on our network or networks that we access through MVNO arrangements. The amounts we charge and incur with respect to fixed-line telephony and mobile interconnection fees are subject to regulatory oversight. To the extent that regulatory authorities introduce fixed-line or mobile termination rate changes, we would experience prospective changes in our interconnect revenue and costs. The ultimate impact of any such changes in termination rates on our segment operating cash flow would be dependent on the call or text messaging patterns that are subject to the changed termination rates. Segment operating cash flow is defined as revenue less operating and SG&A expenses (excluding share-based compensation, related-party fees and allocations, depreciation and amortization and impairment, restructuring and other operating items).

Our revenue is earned in the Netherlands and is subject to applicable VAT. Any increases in these taxes could have an adverse impact on our ability to maintain or increase our revenue to the extent that we are unable to pass such tax increases on to our customers.

Our revenue by major category is set forth below:

	Three months ended March 31,		Increase (decrease)	
	2015	**2014**	**€**	**%**
		in millions		
Subscription revenue (a):				
Video	€ 273.6	€ 277.7	€ (4.1)	(1.5)
Broadband internet	174.9	169.3	5.6	3.3
Fixed-line telephony	119.7	119.6	0.1	0.1
Cable subscription revenue	568.2	566.6	1.6	0.3
Mobile subscription revenue (b)	5.6	1.8	3.8	211.1
Total subscription revenue	573.8	568.4	5.4	1.0
B2B revenue (c)	41.4	41.8	(0.4)	(1.0)
Other revenue (d)	12.6	17.3	(4.7)	(27.2)
Total revenue	€ 627.8	€ 627.5	€ 0.3	—

(a) Subscription revenue includes amounts received from subscribers for ongoing services, excluding installation fees and late fees. Subscription revenue from subscribers who purchase bundled services at a discounted rate is generally allocated proportionally to each service based on the standalone price for each individual service. As a result, changes in the standalone pricing of our cable and mobile products or the composition of bundles can contribute to changes in our product revenue categories from period to period.

(b) Mobile subscription revenue excludes mobile interconnect revenue of €0.7 million and €0.2 million during the three months ended March 31, 2015 and 2014, respectively. Mobile interconnect revenue and revenue from mobile handset sales are included in other revenue.

(c) B2B revenue includes revenue from business broadband internet, video, voice, wireless and data services offered to medium to large enterprises and, on a wholesale basis, to other operators. We also provide services to certain SOHO subscribers. SOHO subscribers pay a premium price to receive enhanced service levels along with video, broadband internet, fixed-line telephony or mobile services that are the same or similar to the mass marketed products offered to our residential subscribers. Revenue from SOHO subscribers, which aggregated €18.3 million and €15.1 million during the three months ended March 31, 2015 and 2014, respectively, is included in cable subscription revenue.

(d) Other revenue includes, among other items, interconnect revenue, installation fees and late fees.

The details of the pro forma increase (decrease) in our revenue during the three months ended March 31, 2015, as compared to the corresponding period in 2014, are forth below:

	Subscription revenue	Non-subscription revenue	Total
		in millions	
Increase (decrease) in cable subscription revenue due to change in:			
Average number of RGUs (a)	€ (1.0)	€ —	€ (1.0)
Average monthly subscription revenue per RGU (**ARPU**) (b)	2.6	—	2.6
Total increase in cable subscription revenue	1.6	—	1.6
Increase in mobile subscription revenue (c)	3.8	—	3.8
Total increase in subscription revenue	5.4	—	5.4
Decrease in B2B revenue	—	(0.4)	(0.4)
Decrease in other non-subscription revenue (d)	—	(4.7)	(4.7)
Total	€ 5.4	€ (5.1)	€ 0.3

(a) The decrease in cable subscription revenue related to a change in the average number of RGUs is attributable to a decline in the average number of basic video RGUs that was mostly offset by increases in the average numbers of broadband internet, enhanced video and fixed-line telephony RGUs.

(b) The increase in cable subscription revenue related to a change in ARPU is due to (i) a net increase primarily resulting from the following factors: (a) higher ARPU due to the impact of lower discounts, (b) lower ARPU due to a decrease in fixed-line telephony call volume, (c) higher ARPU due to the impact of increases in the proportions of subscribers receiving higher-priced tiers of fixed-line telephony and video services in our bundles, including the impact of price increases in March 2015, October 2014 and April 2014, and (d) lower ARPU from incremental enhanced video services and (ii) an improvement in RGU mix.

(c) The increase in mobile subscription revenue is primarily due to an increase in the average number of mobile subscribers.

(d) The decrease in other non-subscription revenue is due to (i) lower revenue from set-top box sales due to our increased emphasis on the rental, as opposed to the sale, of set-top boxes, (ii) a decrease in installation revenue and (iii) a net decrease resulting from individually insignificant changes in other non-subscription revenue categories**.**

Operating expenses

Operating expenses include programming and copyright, network operations, mobile access and interconnect, customer operations, customer care, share-based compensation and other costs related to our operations. Programming and copyright costs, which represent a significant portion of our operating costs, are expected to rise in future periods as a result of (i) growth in the number of our enhanced video subscribers, (ii) higher costs associated with the expansion of our digital video content, including rights associated with ancillary product offerings and rights that provide for the broadcast of live sporting events, and (iii) rate increases. In addition, we are subject to inflationary pressures with respect to our labor and other costs. Any cost increases that we are not able to pass on to our subscribers through rate increases would result in increased pressure on our operating margins.

Our operating expenses increased €2.7 million or 1.4% during the three months ended March 31, 2015, as compared to the corresponding period in 2014. This increase includes the following factors:

- A decrease in other direct costs of €3.7 million, largely due to lower promotions involving free devices;
- An increase in outsourced labor and professional fees of €3.1 million or 22.5%, primarily due to higher call center costs;

- An increase in programming and copyright costs of €1.6 million or 2.2%, primarily due to growth in enhanced video services;

- An increase in mobile access and interconnect costs of €1.4 million or 5.2%, primarily due to higher call volumes;

- A decrease in network-related expenses of €1.2 million or 6.2%, primarily due to the net effect of (i) lower outsourced labor costs associated with customer-facing activities and (ii) increased network and customer premises equipment maintenance costs;

- A decrease in personnel costs of €0.2 million or 0.4%, primarily due to the net effect of (i) lower costs related to higher proportions of capitalizable activities, (ii) increased staffing levels and (ii) annual wage increases; and

- A net increase resulting from individually insignificant changes in other operating expense categories.

SG&A expenses

SG&A expenses include human resources, information technology, general services, management, finance, legal and sales and marketing costs, share-based compensation and other general expenses. As noted under *Operating Expenses* above, we are subject to inflationary pressures with respect to our labor and other costs.

Our SG&A expenses increased €13.6 million or 15.2% during the three months ended March 31, 2015, as compared to the corresponding period in 2014. Our SG&A expenses include share-based compensation expense, which increased €0.8 million. Excluding the effects of share-based compensation expense, our SG&A expenses increased €12.8 million or 14.4%. This increase includes the following factors:

- An increase in sales and marketing costs of €8.8 million or 23.4%, primarily due to (i) higher costs associated with rebranding and network and product harmonization activities and (ii) higher costs associated with advertising campaigns; and

- An increase in personnel costs of €3.5 million or 8.9%, primarily due to (i) increased staffing levels, (ii) annual wage increases and (iii) increased costs related to lower proportions of capitalizable activities.

Related-party fees and allocations

We recorded related-party fees and allocations of €39.6 million during the three months ended March 31, 2015, as compared to €36.0 million during the corresponding period in 2014. These amounts represent fees charged to Ziggo Group Holding that originate with Liberty Global and certain other Liberty Global subsidiaries, and include charges for management, finance, legal, technology, and other corporate and administrative services provided to our subsidiaries. For additional information, see note 10 to our condensed consolidated financial statements.

Depreciation and amortization expense

Our depreciation and amortization expense increased €36.9 million or 15.9% during the three months ended March 31, 2015, as compared to the corresponding period in 2014. This increase is primarily due to the acceleration of depreciation on certain assets of Ziggo Holding that were acquired in connection with the Ziggo Acquisition.

Impairment, restructuring and other operating items, net

We recognized impairment, restructuring and other operating items, net, of €6.3 million and €1.7 million during the three months ended March 31, 2015, and 2014, respectively. The 2015 amount is primarily related to (i) €3.2 million of impairment charges related to intangible assets acquired in the Ziggo Acquisition, (ii) €1.4 million of employee severance and termination costs related to certain reorganization activities and (iii) €1.4 million of direct acquisition costs primarily related to the Ziggo Acquisition. The 2014 amount is primarily related to (a) €1.0 million of direct acquisition costs primarily related to the Ziggo Acquisition and (b) €0.5 million of employee severance and termination costs related to certain reorganization activities.

For additional information regarding Ziggo Group Holding's acquisition of Ziggo Holding, see note 3 to our condensed consolidated financial statements.

We expect to record further restructuring charges during the remainder of 2015 in connection with the continued integration of Ziggo Holding and UPC Nederland.

If, among other factors, (i) our enterprise value or Liberty Global's equity value were to decline significantly or (ii) the adverse impacts of economic, competitive, regulatory or other factors were to cause our results of operations or cash flows to be worse than anticipated, we could conclude in future periods that impairment charges are required in order to reduce the carrying values of our goodwill and, to a lesser extent, other long-lived assets. Any such impairment charges could be significant.

Interest expense – third-party

Our third-party interest expense increased €22.5 million or 52.1% during the three months ended March 31, 2015, as compared to the corresponding period in 2014. This increase is primarily attributable to a higher average outstanding debt balance. For additional information regarding our third-party debt, see note 8 to our condensed consolidated financial statements.

Interest expense – related-party

Our related-party interest expense increased €49.1 million during the three months ended March 31, 2015, as compared to the corresponding period in 2014. This increase is primarily attributable to a higher average outstanding debt balance. For additional information regarding our related-party debt, see note 10 to our condensed consolidated financial statements.

Interest income – related-party

Our related-party interest income decreased €13.8 million or 46.2% during the three months ended March 31, 2015, as compared to the corresponding period in 2014. This decrease is primarily due to lower weighted average interest rates. For additional information regarding our related-party loans receivable, see note 10 to our condensed consolidated financial statements.

Realized and unrealized gains (losses) on derivative instruments, net

Our realized and unrealized gains or losses on derivative instruments include (i) unrealized changes in the fair values of our derivative instruments that are non-cash in nature until such time as the derivative contracts are fully or partially settled and (ii) realized gains or losses upon the full or partial settlement of the derivative contracts. The details of our realized and unrealized gains (losses) on derivative instruments, net, are as follows:

	Three months ended March 31,	
	2015	**2014**
	in millions	
Cross-currency and interest rate derivative contracts (a)	€ 234.6	€ (87.9)
Foreign currency forward contracts	(7.0)	4.7
Total	€ 227.6	€ (83.2)

____

(a) The gain during the 2015 period is primarily attributable to the net effect of (i) gains associated with a decrease in the value of the euro relative to the U.S. dollar and (ii) losses associated with decreases in market interest rates in the euro market. In addition, the gain during the 2015 period includes a net loss of €1.3 million resulting from changes in our credit risk valuation adjustments. The loss during the 2014 period is primarily attributable to the net effect of (a) losses associated with decreases in market interest rates in the euro market and (b) gains associated with a decrease in the value of the euro relative to the U.S. dollar.

For additional information regarding our derivative instruments, see notes 5 and 6 to our condensed consolidated financial statements.

Foreign currency transaction losses, net

Our foreign currency transaction gains or losses primarily result from the remeasurement of monetary assets and liabilities that are denominated in currencies other than the underlying functional currency of the applicable entity. Unrealized foreign currency transaction gains or losses are computed based on period-end exchange rates and are non-cash in nature until such time as the amounts are settled. The details of our foreign currency transaction losses, net, are as follows:

	Three months ended March 31,	
	2015	**2014**
	in millions	
U.S dollar denominated debt issued by our entity	€ (266.4)	€ (2.3)
Cash and restricted cash denominated in a currency other than the entity's functional currency	6.3	—
Other	(1.5)	3.1
Total	€ (261.6)	€ 0.8

Losses on debt modification and extinguishment, net

We recognized losses on debt modification and extinguishment, net, of €0.9 million and €64.0 million during the three months ended March 31, 2015 and 2014, respectively. The loss during 2014 is primarily related to a refinancing transaction that was completed in anticipation of the Ziggo Acquisition.

For additional information regarding our losses on debt modification and extinguishment, net, see note 8 to our condensed consolidated financial statements.

Income tax benefit

We recognized income tax benefit of €46.3 million and €30.2 million during the three months ended March 31, 2015 and 2014, respectively.

The income tax benefit during the three months ended March 31, 2015 differs from the expected income tax benefit of €37.2 million (based on the Dutch 25.0% income tax rate) primarily due to the positive impact of the recognition of previously unrecognized tax benefits.

The amount for the three months ended March 31, 2014 approximates the income tax benefit that would result from the application of the Dutch income tax rate of 25.0% to our loss before income taxes.

For additional information regarding our income taxes, see note 9 to our condensed consolidated financial statements.

Net loss

During the three months ended March 31, 2015 and 2014, we reported net losses of €102.4 million and €84.4 million, respectively, including (i) operating income of €9.3 million and €70.4 million, respectively, (ii) net non-operating expense of €158.0 million and €185.0 million, respectively, and (iii) income tax benefit of €46.3 million and €30.2 million, respectively.

Gains or losses associated with (i) changes in the fair values of derivative instruments and (ii) movements in foreign currency exchange rates are subject to a high degree of volatility and, as such, any gains from these sources do not represent a reliable source of income. In the absence of significant gains in the future from these sources or from other non-operating items, our ability to achieve earnings from continuing operations is largely dependent on our ability to increase our aggregate segment operating cash flow to a level that more than offsets the aggregate amount of our (a) share-based compensation expense, (b) related-party fees and allocations, net, (c) depreciation and amortization, (d) impairment, restructuring and other operating items, net, (e) interest expense, (f) other net non-operating expenses and (g) income tax expenses.

Subject to the limitations included in our various debt instruments, we expect that Liberty Global will cause our company to maintain our debt at current levels relative to our Covenant EBITDA for the foreseeable future. As a result, we expect that we will continue to report significant levels of interest expense for the foreseeable future. For information concerning our expectations with respect to trends that may affect our operating results in future periods, see the discussion under *Overview* above. For information concerning the reasons for changes in specific line items in our condensed consolidated statements of operations, see the above discussion.

Net loss attributable to noncontrolling interests

The net loss attributable to noncontrolling interests during the three months ended March 31, 2014 is attributable our consolidation of UMI. For additional information regarding the deconsolidation of UMI during the first quarter of 2015, see note 1 to our condensed consolidated financial statements.

Material Changes in Financial Condition

Sources and Uses of Cash

Liquidity of Ziggo Group Holding

At March 31, 2015, we had consolidated cash of €87.4 million. In addition to cash, our primary source of liquidity is cash provided by the operations of our subsidiaries. From time to time, we may also supplement our sources of liquidity with net proceeds received from loans or contributions from Liberty Global Europe (and ultimately from Liberty Global or other Liberty Global subsidiaries).

Our liquidity is generally used to fund debt service requirements, property and equipment additions and other liquidity requirements that may arise. From time to time, we may also require cash in connection with (i) the repayment of outstanding third-party and related-party debt, (ii) the satisfaction of contingent liabilities, (iii) acquisitions or other investment opportunities and (iv) distributions or loans to Liberty Global Europe (and ultimately to Liberty Global or other Liberty Global subsidiaries).

Capitalization

At March 31, 2015, our outstanding consolidated third-party debt and capital lease obligations aggregated €7,294.1 million, including €3.6 million that is classified as current in our condensed consolidated balance sheet and €7,267.4 million that is not due until 2020 or thereafter. For additional information regarding our current debt maturities, see note 8 to our condensed consolidated financial statements.

When it is cost effective, we generally seek to match the denomination of the borrowings of our subsidiaries with the functional currency of the operations that are supporting the respective borrowings. As further discussed in note 5 to our condensed consolidated financial statements, we also use derivative instruments to mitigate foreign currency and interest rate risk associated with our debt instruments.

Our ability to service or refinance our debt and to maintain compliance with the leverage covenants in our credit agreements and indentures is dependent primarily on our ability to maintain or increase our Covenant EBITDA and to achieve adequate returns on our property and equipment additions and acquisitions. In addition, our ability to obtain additional debt financing is limited by the leverage covenants contained in the various debt instruments of our subsidiaries. In this regard, if our Covenant EBITDA were to decline, we could be required to repay or limit our borrowings under the Ziggo Credit Facility in order to maintain compliance with applicable covenants. No assurance can be given that we would have sufficient sources of liquidity, or that any external funding would be available on favorable terms, or at all, to fund any such required repayment. We do not anticipate any instances of non-compliance with respect to any of our subsidiaries' debt covenants that would have a material adverse impact on our liquidity during the next 12 months.

Notwithstanding our negative working capital position at March 31, 2015, we believe that we have sufficient resources to repay or refinance the current portion of our debt and capital lease obligations and to fund our foreseeable liquidity requirements during the next 12 months. However, as our maturing debt grows in later years, we anticipate that we will seek to refinance or otherwise extend our debt maturities. No assurance can be given that we will be able to complete these refinancing transactions or otherwise extend our debt maturities. In this regard, it is not possible to predict how political and economic conditions, sovereign debt concerns or any adverse regulatory developments could impact the credit markets we access and, accordingly, our future liquidity and financial position. However, (i) the financial failure of any of our counterparties could (a) reduce amounts available under committed credit facilities and (b) adversely impact our ability to access cash deposited with any failed financial institution and (ii) tightening of the credit markets could adversely impact our ability to access debt financing on favorable terms, or at all. In addition, sustained or increased competition, particularly in combination with adverse economic or regulatory developments, could have an unfavorable impact on our cash flows and liquidity.

With the exception of the Ziggo SPE Notes, all of our consolidated debt and capital lease obligations at March 31, 2015 had been borrowed or incurred by our subsidiaries.

For additional information regarding our debt and capital lease obligations, see note 8 to our condensed consolidated financial statements.

Condensed Consolidated Statements of Cash Flows

The below discussion is based on the amounts as presented in our condensed consolidated statements of cash flows, which have been retrospectively revised to give effect to the UPC Nederland Transfer and the HoldCo VI Transfer for all periods during which Ziggo Group Holding, UPC Nederland Holding and HoldCo VI were under the common control of Liberty Global. Accordingly, the cash flows of Ziggo Holding for periods prior to November 11, 2014 are not included in the amounts reported for the 2014 period.

Summary. The condensed consolidated statements of cash flows for the three months ended March 31, 2015 and 2014 are summarized as follows:

	Three months ended March 31,		
	2015	**2014**	**Change**
		in millions	
Net cash provided by operating activities	€ 294.9	€ 86.0	€ 208.9
Net cash used by investing activities	(350.3)	(113.4)	(236.9)
Net cash provided by financing activities	113.9	29.6	84.3
Effect of exchange rate changes on cash	(2.8)	—	(2.8)
Net increase in cash	€ 55.7	€ 2.2	€ 53.5

Operating Activities. The increase in net cash provided by our operating activities is primarily attributable to an increase in cash provided by our segment operating cash flow and related working capital changes, primarily due to the impact of the Ziggo Acquisition.

Investing Activities. The increase in net cash used by our investing activities is primarily attributable to (i) an increase in cash used of €169.8 million associated with higher net repayments to related-parties, and (ii) an increase in cash used of €66.7 million due to higher capital expenditures, primarily due to the impact of the Ziggo Acquisition.

The capital expenditures that we report in our consolidated statements of cash flows do not include amounts that our company has financed under vendor financing or capital lease arrangements. Instead, these amounts are reflected as non-cash additions to our property and equipment when the underlying assets are delivered and as repayments of debt when the principal is repaid. In the following discussion, we refer to (a) our capital expenditures as reported in our consolidated statements of cash flows, which exclude amounts financed under vendor financing or capital lease arrangements, and (b) our total property and equipment additions, which include our capital expenditures on an accrual basis and amounts financed under vendor financing or capital lease arrangements. For additional information, see notes 7 and 8 to our condensed consolidated financial statements.

A reconciliation of our consolidated property and equipment additions to our consolidated capital expenditures as reported in our condensed consolidated statements of cash flows is set forth below:

	Three months ended March 31,	
	2015	2014
	in millions	
Property and equipment additions	€ 107.9	€ 38.1
Assets acquired under capital-related vendor financing arrangements	(3.9)	(3.0)
Assets acquired under capital leases	(2.8)	(1.8)
Changes in current liabilities related to capital expenditures	3.4	4.6
Capital expenditures	€ 104.6	€ 37.9

The increase in our property and equipment additions is primarily attributable to an increase related to the Ziggo Acquisition.

Financing Activities. The increase in net cash provided by our financing activities is primarily attributable to the net effect of (i) an increase in cash provided of €818.8 million related to higher net borrowings of third-party debt, (ii) a decrease in cash provided of €685.7 million due to higher net repayments of related-party debt, and (iii) a decrease in cash of €21.9 million due to higher cash payments related to derivative instruments.

Debt Maturities and Contractual Commitments

For information regarding the maturities of our debt as of March 31, 2015, see note 8 to our condensed consolidated financial statements. For information concerning our contractual commitments as of March 31, 2015, see note 11 to our condensed consolidated financial statements.