



ZIGGO GROUP HOLDING B.V.

**Condensed Consolidated Financial Statements
September 30, 2015**

**Ziggo Group Holding B.V.
Atoomweg 100
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The Netherlands**

ZIGGO GROUP HOLDING B.V.

TABLE OF CONTENTS

	Page Number
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	
Condensed Consolidated Balance Sheets as of September 30, 2015 and December 31, 2014 (unaudited)	1
Condensed Consolidated Statements of Operations for the Three and Nine Months Ended September 30, 2015 and 2014 (unaudited).....	3
Condensed Consolidated Statement of Owner's Equity for the Nine Months Ended September 30, 2015 (unaudited).....	4
Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2015 and 2014 (unaudited).....	5
Notes to Condensed Consolidated Financial Statements (unaudited)	7
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	35

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

	September 30, 2015	December 31, 2014 (a)
	in millions	
ASSETS		
Current assets:		
Cash.....	€ 12.0	€ 31.7
Trade receivables, net	65.6	78.3
Related-party receivables (note 10)	37.1	8.7
Deferred income taxes	22.7	18.7
Prepaid expenses.....	22.4	23.1
Other current assets, net (note 5)	22.4	16.8
Total current assets.....	182.2	177.3
Property and equipment, net (note 7)	2,811.5	2,971.6
Goodwill (note 7)	7,222.0	7,111.8
Intangible assets subject to amortization, net (note 7)	3,553.6	3,968.7
Loans receivable – related-party (note 10).....	—	1,775.2
Other assets, net (notes 5, 7 and 10).....	488.7	434.5
Total assets	€ 14,258.0	€ 16,439.1

(a) As retrospectively revised – see note 1.

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

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

	September 30, 2015	December 31, 2014 (a)
	in millions	
LIABILITIES AND OWNER'S EQUITY		
Current liabilities:		
Accounts payable (note 10)	€ 147.2	€ 119.6
Accrued and other current liabilities:		
Third-party (note 3)	184.1	332.7
Related-party (note 10).....	68.5	35.7
Deferred revenue and advance payments from subscribers and others	174.0	182.7
Accrued interest (note 10).....	94.5	36.8
Derivative instruments (note 5)	91.4	41.9
Value-added tax (VAT) payable	75.1	82.1
Current portion of debt and capital lease obligations (note 8):		
Third-party.....	59.8	13.9
Related-party (note 10).....	3.8	4.1
Total current liabilities	898.4	849.5
Long-term debt and capital lease obligations (note 8):		
Third-party.....	7,187.6	4,783.8
Related-party (note 10).....	3,439.3	6,445.4
Deferred income taxes	742.2	863.7
Other long-term liabilities (notes 5 and 10)	484.3	285.1
Total liabilities.....	12,751.8	13,227.5
Commitments and contingencies (notes 3, 5 and 11)		
Owner's equity:		
Total parent's equity.....	1,506.2	3,233.4
Noncontrolling interests.....	—	(21.8)
Total owner's equity.....	1,506.2	3,211.6
Total liabilities and owner's equity	€ 14,258.0	€ 16,439.1

(a) As retrospectively revised – see note 1.

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 September 30,		Nine months ended September 30,	
	2015	2014 (a)	2015	2014 (a)
	in millions			
Revenue (notes 10 and 12).....	€ 612.7	€ 227.6	€ 1,858.4	€ 690.4
Operating costs and expenses:				
Operating (other than depreciation and amortization) (including share-based compensation) (note 10)	182.4	65.4	580.2	201.6
Selling, general and administrative (SG&A) (including share-based compensation) (note 10)	83.0	30.4	271.6	89.9
Related-party fees and allocations (note 10)	42.5	23.5	107.6	65.7
Depreciation and amortization	254.6	45.7	797.9	137.9
Impairment, restructuring and other operating items, net	9.9	13.4	19.1	28.6
	572.4	178.4	1,776.4	523.7
Operating income.....	40.3	49.2	82.0	166.7
Non-operating income (expense):				
Interest expense:				
Third-party	(81.3)	(4.1)	(227.7)	(15.5)
Related-party (note 10)	(45.0)	(31.8)	(181.8)	(81.0)
Interest income – related-party (note 10)	—	35.0	16.3	97.6
Realized and unrealized gains (losses) on derivative instruments, net (note 5).....	(56.5)	—	160.8	—
Unrealized gains due to changes in fair value of investment (note 6)	—	90.6	—	106.2
Foreign currency transaction gains (losses), net	6.3	(0.5)	(159.7)	(0.5)
Other income (expense), net.....	(1.7)	0.2	(6.8)	(1.7)
	(178.2)	89.4	(398.9)	105.1
Earnings (loss) before income taxes	(137.9)	138.6	(316.9)	271.8
Income tax benefit (expense) (note 9)	37.2	(12.9)	93.5	(42.5)
Net earnings (loss)	(100.7)	125.7	(223.4)	229.3
Net loss attributable to noncontrolling interests (note 1).....	—	0.7	—	1.4
Net earnings (loss) attributable to parent	€ (100.7)	€ 126.4	€ (223.4)	€ 230.7

(a) As retrospectively revised – see note 1.

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 interests	Total owner's equity
	in millions		
Balance at January 1, 2015 (a)	€ 3,233.4	€ (21.8)	€ 3,211.6
Net loss	(223.4)	—	(223.4)
Conversions of related-party notes receivable and related accrued interest to equity (note 10)	(953.4)	—	(953.4)
Distribution in connection with the novation of third-party debt from another subsidiary of Liberty Global (note 8)	(689.2)	—	(689.2)
Conversion of Liberty Global Services Note Payable to equity (note 8)	120.8	—	120.8
Impact of deconsolidation of previously consolidated entities (note 1)	—	21.8	21.8
Deemed contribution of technology-related services (note 10)	16.9	—	16.9
Intercompany tax allocations (note 10)	1.6	—	1.6
Share-based compensation	4.2	—	4.2
Capital charge in connection with the exercise of share-based incentive awards (note 10)	(4.1)	—	(4.1)
Excess consideration received over the carrying value of property and equipment transferred to entities under common control (note 10)	1.4	—	1.4
Other	(2.0)	—	(2.0)
Balance at September 30, 2015	<u>€ 1,506.2</u>	<u>€ —</u>	<u>€ 1,506.2</u>

(a) As retrospectively revised – see note 1.

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)

	Nine months ended September 30,	
	2015	2014 (a)
	in millions	
Cash flows from operating activities:		
Net earnings (loss)	€ (223.4)	€ 229.3
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:		
Share-based compensation expense	4.2	0.9
Related-party fees and allocations	107.6	65.7
Depreciation and amortization	797.9	137.9
Impairment, restructuring and other operating items, net	19.1	28.6
Related-party interest expense	181.8	81.0
Related-party interest income	(16.3)	(97.6)
Amortization of deferred financing costs and non-cash interest accretion	1.9	0.3
Realized and unrealized gains on derivative instruments, net	(160.8)	—
Unrealized gain due to changes in fair value of investment	—	(106.2)
Foreign currency transaction losses, net	159.7	0.5
Losses on debt modification and extinguishment, net	0.9	1.9
Intercompany tax allocations	1.6	73.0
Deferred income tax benefit	(93.8)	(79.6)
Changes in operating assets and liabilities	(9.3)	(18.2)
Net cash provided by operating activities	<u>771.1</u>	<u>317.5</u>
Cash flows from investing activities:		
Capital expenditures	(300.9)	(102.1)
Net receipts from (advances to) related parties	89.3	(247.7)
Other investing activities, net	(5.9)	1.4
Net cash used by investing activities	<u>€ (217.5)</u>	<u>€ (348.4)</u>

(a) As retrospectively revised – see note 1.

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)

	Nine months ended September 30,	
	2015	2014 (a)
	in millions	
Cash flows from financing activities:		
Borrowings of third-party debt	€ 782.0	€ 1.1
Related-party receipts (payments), net	(770.5)	488.4
Repayments of third-party debt and capital lease obligations	(425.2)	(462.5)
Purchase of additional shares of Ziggo Holding through the Statutory Squeeze-out.....	(125.9)	—
Net cash paid related to derivative instruments	(21.9)	—
Other financing activities, net.....	(8.7)	15.4
Net cash provided (used) by financing activities	(570.2)	42.4
Effect of exchange rate changes on cash.....	(3.1)	—
Net increase (decrease) in cash.....	(19.7)	11.5
Cash:		
Beginning of period (a).....	31.7	0.9
End of period.....	€ 12.0	€ 12.4
Cash paid for interest	€ 170.6	€ 8.0
Cash paid for taxes	€ 3.5	€ —

(a) As retrospectively revised – see note 1.

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

ZIGGO GROUP HOLDING B.V.
Notes to Condensed Consolidated Financial Statements
September 30, 2015
(unaudited)

(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. Ziggo Group Holding's primary subsidiaries consist of (i) UPC Nederland Holding I B.V. (**UPC Nederland Holding**) and its subsidiaries, including Ziggo Services B.V. (**Ziggo Services**), and (ii) LGE HoldCo VI B.V. (**HoldCo VI**) and its subsidiaries, including LGE HoldCo VII B.V. (**HoldCo VII**), LGE HoldCo V B.V. (**HoldCo V**) and HoldCo V's subsidiary, Ziggo Holding B.V. (**Ziggo Holding**). In these notes, the terms "we," "our," "our company" and "us" may refer, as the context requires, to Ziggo Group Holding (or its predecessor) or collectively to Ziggo Group Holding (or its predecessor) and its subsidiaries after giving effect to the common control transfers, as described below.

On November 6, 2014, Ziggo Group Holding acquired 100% of the equity of HoldCo VI from another subsidiary of Liberty Global in exchange for shares of Ziggo Group Holding (the **HoldCo VI Transfer**). As a result of the HoldCo VI Transfer, the following entities have been included in our condensed consolidated financial statements for the periods they were under the common control of Liberty Global: (i) HoldCo V from its inception date of April 5, 2013; (ii) HoldCo VI from its inception date of December 6, 2013; (iii) HoldCo VII from its inception of December 11, 2013; and (iv) Ziggo Holding from the Ziggo Acquisition Date, as defined below. On the date of the HoldCo VI Transfer, HoldCo VI indirectly held through its subsidiary, HoldCo V, all 41,329,850 shares of Ziggo Holding that Liberty Global subsidiaries had acquired from March 2013 through July 2013, net of those shares used to settle a derivative instrument, as described below.

During 2013, Liberty Global subsidiaries outside of Ziggo Group Holding purchased Ziggo Holding shares. To the extent not otherwise used by these other Liberty Global subsidiaries to settle a derivative instrument outside of Ziggo Group Holding, these shares were subsequently transferred to HoldCo V. The details of the Ziggo Holding shares that were transferred to HoldCo V by other Liberty Global subsidiaries outside of Ziggo Group Holding are as follows:

<u>Transfer date</u>	<u>Number of shares</u>
April 22, 2013 (a)	25,300,000
July 22, 2013 (a)	2,000,000
November 6, 2014 (a)	9,095,751
November 6, 2014 (b)	4,934,099

- (a) These Ziggo Holding shares were contributed by other Liberty Global subsidiaries to HoldCo V on the indicated dates.
- (b) HoldCo V acquired these Ziggo Holding shares through a non-cash increase to the Liberty Global Broadband Note, as defined and described in note 8.

On November 11, 2014 (the **Ziggo Acquisition Date**), HoldCo V acquired a controlling interest in Ziggo Holding (the **Ziggo Acquisition**). We accounted for this transaction using the acquisition method of accounting. For additional information regarding the Ziggo Acquisition and the subsequent acquisition of additional Ziggo Holding shares, see note 3.

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 Ziggo Services were transferred on March 5, 2015 from UPC Western Europe Holding B.V. (**UPC Western Europe**), another subsidiary of Liberty Global, to Ziggo Group Holding in exchange for shares of Ziggo Group Holding (the **Ziggo Services Transfer**).

As the Ziggo Services 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 (i) Ziggo Group Holding, (ii) UPC Nederland Holding and each of its subsidiaries and (iii) HoldCo VI and each of its subsidiaries were under the common control of Liberty Global. For additional information regarding the Ziggo Services Transfer and the HoldCo VI Transfer, see note 4.

ZIGGO GROUP HOLDING B.V.
Notes to Condensed Consolidated Financial Statements — (Continued)
September 30, 2015
(unaudited)

After giving effect to the Ziggo Services Transfer, Ziggo Services 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. Ziggo Services has been treated as the predecessor entity of Ziggo Group Holding for financial reporting purposes. For additional information regarding the Ziggo Services Transfer and the HoldCo VI 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 Ziggo Services, 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 Ziggo Services through December 31, 2014 and Ziggo Services had the substantive power to direct the significant activities of these entities. As such, Ziggo Services was required to consolidate UMI, UPC Equipment and UPC International through December 31, 2014. Subsequent to December 31, 2014, and in anticipation of the Ziggo Services Transfer, the leasing transactions between Ziggo Services and UMI, UPC Equipment and UPC International were unwound. Accordingly, effective January 1, 2015, we no longer consolidate UMI, UPC Equipment and UPC International.

In our previously-issued condensed consolidated financial statements, we reported the equity interest of Unitymedia Hessen GmbH & Co. KG (**Unitymedia Hessen**), another subsidiary of Liberty Global, in UMI and the equity interests of UPC Holding B.V. in UPC Equipment and UPC International as components of parent's equity. We have retrospectively revised this presentation to reflect these equity interests as noncontrolling interests in (i) our December 31, 2014 condensed consolidated balance sheet, (ii) our condensed consolidated statements of operations for the three and nine months ended September 30, 2014 and (iii) our condensed consolidated statement of owner's equity.

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 Ziggo Services.

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 September 30, 2015.

These condensed consolidated financial statements reflect our consideration of the accounting and disclosure implications of subsequent events through November 24, 2015, the date of issuance.

(2) Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update (**ASU**) 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, as amended by ASU No. 2015-14, will replace existing revenue recognition guidance in U.S. GAAP when it becomes effective for annual and interim reporting periods beginning after December 15, 2017. Early application is permitted for annual and interim reporting periods that begin after December 15, 2016. This new standard permits the use of either the retrospective or cumulative effect transition method. We will adopt ASU 2014-09 effective January 1, 2018 and we are currently evaluating the effect that ASU 2014-09 will have on our consolidated

ZIGGO GROUP HOLDING B.V.
Notes to Condensed Consolidated Financial Statements — (Continued)
September 30, 2015
(unaudited)

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

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 additional 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 acquired Ziggo Holding in order to achieve certain financial, operational and strategic benefits through the integration of Ziggo Holding with Ziggo Services.

Pursuant to the Merger Protocol, (i) Liberty Global issued shares with an aggregate market value of €4,489.4 million and (ii) we paid aggregate cash consideration of €1,711.6 million to Ziggo Holding shareholders in connection with the Ziggo Acquisition and the Ziggo NCI Acquisition. As detailed further below, Liberty Global's issuance of shares in connection with the Ziggo Acquisition gave rise to our initial obligation under the Liberty Global Broadband Note (as defined and described in note 8).

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, which was completed during the second quarter of 2015, Ziggo Holding shareholders other than Liberty Global and its affiliates received cash consideration of €39.78 per share, plus interest, for an aggregate of €125.9 million. This 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 at December 31, 2014 that is included in accrued and other current liabilities in our condensed consolidated balance sheet.

For accounting purposes, (i) the Ziggo Acquisition was accounted for using acquisition accounting and (ii) the Ziggo NCI Acquisition and the Statutory Squeeze-out were treated as acquisitions of a noncontrolling interest.

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* channels to a third party and for our company to carry *Film1* on our network for a period of three years; and
- an eight-year commitment 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 July 21, 2015, Liberty Global sold its *Film1* channels to Sony Pictures Television Networks. 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. As the terms of this carriage agreement reflect above-market rates, we have recorded a €31.6 million liability as part of the accounting for the *Film1* disposal. This liability has been reflected on our balance sheet along with a corresponding receivable from another subsidiary of Liberty Global.

In July 2015, the Dutch incumbent telecommunications operator filed an appeal against the European Commission regarding its decision to approve the Ziggo Acquisition. We are not a party to the appeal and we do not expect that the filing of this appeal will have any impact on the ongoing integration and development of our operations.

ZIGGO GROUP HOLDING B.V.
Notes to Condensed Consolidated Financial Statements — (Continued)
September 30, 2015
(unaudited)

The consideration paid by Ziggo Group Holding in connection with the Ziggo Acquisition and the fair value of our pre-existing investment in Ziggo Holding on the Ziggo Acquisition Date are 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.....	€	<u>7,055.9</u>

- (a) Represents a non-cash borrowing under the Liberty Global Broadband Note (as defined and described in note 8), the amount of which is equal to the aggregate market value of the shares issued to Ziggo Holding shareholders 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 HoldCo V 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. The preliminary opening balance sheet set forth below 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. A summary of the purchase price and preliminary opening balance sheet for the Ziggo Acquisition as of the Ziggo Acquisition Date is set forth below (in millions):

Cash (a).....	€	1,516.2
Other current assets, net		55.9
Property and equipment, net.....		2,178.3
Goodwill (b)		6,307.7
Intangible assets subject to amortization, net (c).....		3,897.0
Other assets, net.....		317.2
Accrued and other current liabilities		(373.6)
Current portion of debt and capital lease obligations.....		(484.6)
Long-term debt and capital lease obligations.....		(4,293.8)
Other long-term liabilities		(1,197.4)
Noncontrolling interest (d)		(867.0)
Total purchase consideration.....	€	<u>7,055.9</u>

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

ZIGGO GROUP HOLDING B.V.
Notes to Condensed Consolidated Financial Statements — (Continued)
September 30, 2015
(unaudited)

(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 and nine months ended September 30, 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 September 30, 2014	Nine months ended September 30, 2014
	in millions	
Revenue.....	€ 631.6	€ 1,896.3
Net loss attributable to parent	€ (61.8)	€ (207.9)

(4) Common Control Transfer

As further described in note 1, we have accounted for the Ziggo Services 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 (i) Ziggo Group Holding, (ii) UPC Nederland Holding and each of its subsidiaries and (iii) HoldCo VI and each of its subsidiaries were under the common control of Liberty Global.

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

	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 selected condensed consolidated balance sheet data of Ziggo Services, as previously reported.

(b) Amounts represent the carrying values of assets, liabilities and equity of (i) Ziggo Group Holding and (ii) HoldCo VI and its subsidiaries, which include HoldCo V, HoldCo VII and Ziggo Holding.

ZIGGO GROUP HOLDING B.V.
Notes to Condensed Consolidated Financial Statements — (Continued)
September 30, 2015
(unaudited)

The following table sets forth the retrospective effects of these common control transfers on the selected condensed consolidated statement of operations data of Ziggo Services:

	Three months ended September 30, 2014			Nine months ended September 30, 2014		
	As previously reported (a)	Common control adjustments (b)	As retrospectively revised	As previously reported (a)	Common control adjustments (b)	As retrospectively revised
	in millions					
Revenue.....	€ 227.6	€ —	€ 227.6	€ 690.4	€ —	€ 690.4
Operating expenses	€ 65.4	€ —	€ 65.4	€ 201.6	€ —	€ 201.6
SG&A expenses.....	€ 30.4	€ —	€ 30.4	€ 89.7	€ 0.2	€ 89.9
Depreciation and amortization expense	€ 45.7	€ —	€ 45.7	€ 137.9	€ —	€ 137.9
Non-operating income, net.....	€ 12.1	€ 77.3	€ 89.4	€ 30.4	€ 74.7	€ 105.1
Income tax benefit (expense).....	€ (18.0)	€ 5.1	€ (12.9)	€ (58.1)	€ 15.6	€ (42.5)
Net earnings.....	€ 56.0	€ 69.7	€ 125.7	€ 167.8	€ 61.5	€ 229.3

(a) Amounts represent the selected condensed consolidated statement of operations data of Ziggo Services, as previously reported.

(b) Amounts represent the selected results of operations data of (a) HoldCo V (b) HoldCo VI and (c) HoldCo VII.

(5) Derivative Instruments

In general, we seek to enter into derivative instruments to protect against (i) increases in the interest rates on our variable-rate debt and (ii) foreign currency movements with respect to borrowings that are denominated in a currency other than our functional currency. In this regard, we have entered into various derivative instruments to manage interest rate exposure and foreign currency exposure with respect to the United States (U.S.) dollar and the euro. We do not apply hedge accounting to our derivative instruments. Accordingly, changes in the fair values of our derivative instruments are recorded in realized and unrealized gains (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:

	September 30, 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).....	€ 5.4	€ 242.6	€ 248.0	€ —	€ 67.9	€ 67.9
Liabilities:						
Cross-currency and interest rate derivative contracts (c).....	€ 73.2	€ 215.2	€ 288.4	€ 41.9	€ 101.6	€ 143.5
Equity-related derivative instrument (d).....	18.2	—	18.2	—	—	—
Total.....	€ 91.4	€ 215.2	€ 306.6	€ 41.9	€ 101.6	€ 143.5

(a) As retrospectively revised – see note 1.

ZIGGO GROUP HOLDING B.V.
Notes to Condensed Consolidated Financial Statements — (Continued)
September 30, 2015
(unaudited)

- (b) Our current derivative assets are included in other current assets, net, 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 September 30, 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 €11.1 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 €17.1 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 gains of €7.4 million and €3.0 million during the three and nine months ended September 30, 2015, respectively. These amounts are included in realized and unrealized gains (losses) on derivative instruments, net, in our condensed consolidated statements of operations. We did not recognize any gains or losses related to credit risk valuation adjustments during the three and nine months ended September 30, 2014 as we did not have any derivative instruments during these periods. 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 (losses) on derivative instruments, net, are as follows:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2015	2014	2015	2014
	in millions			
Cross-currency and interest rate derivative contracts	€ (56.5)	€ —	€ 167.8	€ —
Foreign currency forward contracts	—	—	(7.0)	—
Total	<u>€ (56.5)</u>	<u>€ —</u>	<u>€ 160.8</u>	<u>€ —</u>

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 net cash outflows is as follows:

	Nine months ended	
	September 30,	
	2015	2014
	in millions	
Operating activities	€ (25.0)	€ —
Financing activities	(21.9)	—
	<u>€ (46.9)</u>	<u>€ —</u>

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

ZIGGO GROUP HOLDING B.V.
Notes to Condensed Consolidated Financial Statements — (Continued)
September 30, 2015
(unaudited)

counterparty base of banks and financial institutions. Collateral is generally not posted by either party under our derivative instruments. At September 30, 2015, our exposure to counterparty credit risk included derivative assets with an aggregate fair value of €236.6 million.

Details of our Derivative Instruments

In the following tables, we present the details of the various categories of our derivative instruments. The notional amounts 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 September 30, 2015, we present a single date that represents the applicable final maturity date. For derivative instruments that become effective subsequent to September 30, 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 September 30, 2015, which are held by our wholly-owned subsidiary, Amsterdamse Beheer-en Consultingmaatschappij BV (**ABC B.V.**), are as follows:

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				
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 September 30, 2015, which are held by ABC B.V., are as follows:

Final maturity date	Notional amount		Interest rate due from counterparty	Interest rate due to counterparty
	in millions			
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	2.61%
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 September 30, 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.

ZIGGO GROUP HOLDING B.V.
Notes to Condensed Consolidated Financial Statements — (Continued)
September 30, 2015
(unaudited)

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 into or out of Levels 1, 2 or 3 at the beginning of the quarter during which the transfer occurred. During the nine months ended September 30, 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 and 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 nine months of 2014, we held a noncontrolling interest in the shares of Ziggo Holding, a then publicly-traded company in the Netherlands. We recorded these shares at fair value based on a Level 1 input, with changes in the fair value reflected in unrealized gains due to changes in fair value of investment in our condensed consolidated statements of operations. 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. In addition, and as further described in note 5, we have an equity-related derivative instrument that we record at fair value based upon Level 3 inputs.

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 nine months ended September 30, 2015 and 2014, we did not perform significant nonrecurring fair value measurements.

ZIGGO GROUP HOLDING B.V.
Notes to Condensed Consolidated Financial Statements — (Continued)
September 30, 2015
(unaudited)

(7) Long-lived Assets

Property and Equipment, Net

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

	September 30, 2015	December 31, 2014 (a)
	in millions	
Distribution systems	€ 2,996.6	€ 2,891.4
Customer premises equipment	641.6	536.5
Support equipment, buildings and land	607.6	548.5
	<u>4,245.8</u>	<u>3,976.4</u>
Accumulated depreciation	(1,434.3)	(1,004.8)
Total property and equipment, net	<u>€ 2,811.5</u>	<u>€ 2,971.6</u>

(a) As retrospectively revised – see note 1.

During the nine months ended September 30, 2015 and 2014, we recorded non-cash increases related to certain vendor financing arrangements of €46.2 million and €10.3 million, respectively, which exclude related VAT of €6.2 million and €2.0 million, respectively, that were also financed by our vendors under these arrangements. In addition, during the nine months ended September 30, 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 €3.1 million, respectively. For additional information, see note 8.

Goodwill

The change in the carrying amount of our goodwill during the nine months ended September 30, 2015 is set forth below (in millions):

Balance at January 1, 2015 (a)	€ 7,111.8
Acquisition related adjustments	110.2
Balance at September 30, 2015	<u>€ 7,222.0</u>

(a) As retrospectively revised – see note 1.

If, among other factors, (i) our enterprise value or Liberty Global's equity values 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.

ZIGGO GROUP HOLDING B.V.
Notes to Condensed Consolidated Financial Statements — (Continued)
September 30, 2015
(unaudited)

Intangible Assets Subject to Amortization, Net

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

	September 30, 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	€ (552.3)	€ 3,552.8	€ 4,220.5	€ (251.8)	€ 3,968.7
Other	1.0	(0.2)	0.8	—	—	—
	<u>€ 4,106.1</u>	<u>€ (552.5)</u>	<u>€ 3,553.6</u>	<u>€ 4,220.5</u>	<u>€ (251.8)</u>	<u>€ 3,968.7</u>

(a) As retrospectively revised – see note 1.

Indefinite-lived Intangible Asset

In our September 30, 2015 and December 31, 2014 condensed consolidated balance sheets, other assets, net, include a €75.0 million indefinite-lived intangible asset related to the Ziggo trade name.

ZIGGO GROUP HOLDING B.V.
Notes to Condensed Consolidated Financial Statements — (Continued)
September 30, 2015
(unaudited)

(8) Debt and Capital Lease Obligations

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

	September 30, 2015		Estimated fair value (c)		Carrying value (d)	
	Weighted average interest rate (a)	Unused borrowing capacity (b)	September 30, 2015	December 31, 2014 (e)	September 30, 2015	December 31, 2014 (e)
			in millions			
Third-party debt:						
Subsidiaries:						
Ziggo Credit Facility.....	3.64 %	€ 800.0	€ 4,731.8	€ 3,853.7	€ 4,744.4	€ 3,893.3
Ziggo SPE Notes.....	4.46 %	—	1,411.5	—	1,557.7	—
Ziggo Notes	6.82 %	—	869.2	894.5	885.1	890.0
Vendor financing (f).....	2.75 %	—	59.9	13.9	59.9	13.9
Total third-party debt.....	4.17 %	800.0	€ 7,072.4	€ 4,762.1	7,247.1	4,797.2
Related-party debt:						
Parent:						
Liberty Global Europe Note (g)....	4.48 %	—	(h)	—	2,303.9	—
Liberty Global Broadband Note (i)	5.13 %	—	(h)	(h)	1,122.9	5,397.7
Subsidiaries:						
Liberty Global Services Note (j)...	—	—	—	(h)	—	922.1
2013 Liberty Global Europe Note (k)	—	—	—	(h)	—	78.5
Unitymedia Hessen Note (l)	—	—	—	(h)	—	27.5
Other (m)	5.97 %	—	—	(h)	8.9	13.5
Total related-party debt.....	4.69 %	—			3,435.7	6,439.3
Total debt.....	4.34 %	€ 800.0			10,682.8	11,236.5
Capital lease obligations:						
Third-party					0.3	0.5
Related-party					7.4	10.2
Total capital lease obligations.....					7.7	10.7
Total debt and capital lease obligations.....					10,690.5	11,247.2
Current maturities					(63.6)	(18.0)
Long-term debt and capital lease obligations.....					€ 10,626.9	€ 11,229.2

(a) Represents the weighted average interest rate in effect at September 30, 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 and commitment fees, all of which affect our overall cost of borrowing. Including the effects of derivative instruments, original issue premiums or discounts 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 5.3% at September 30, 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 September 30, 2015 without regard to covenant compliance calculations or other conditions precedent to borrowing. At September 30, 2015, based on the applicable leverage and other financial covenants, our availability under

ZIGGO GROUP HOLDING B.V.
Notes to Condensed Consolidated Financial Statements — (Continued)
September 30, 2015
(unaudited)

the Ziggo Revolving Facilities was limited to €609.0 million. When the relevant September 30, 2015 compliance reporting requirements have been completed and assuming no changes from September 30, 2015 borrowing levels, we anticipate that our availability under the Ziggo Revolving Facilities will be limited to €662.2 million. In addition to these limitations, the debt instruments of the borrowers of the Ziggo Revolving Facilities contain restricted payment tests that limit the amount that can be loaned or distributed to other Ziggo Group Holding subsidiaries and ultimately to Ziggo Group Holding. At September 30, 2015, the availability to be loaned or distributed by the borrowers of the Ziggo Revolving Facilities was limited to €257.6 million. When the relevant September 30, 2015 compliance reporting requirements have been completed and assuming no changes from September 30, 2015 borrowing levels, we anticipate the availability to be loaned or distributed by the borrowers of the Ziggo Revolving Facilities will be limited to €308.3 million.

- (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 1.
- (f) Represents amounts owed pursuant to interest-bearing vendor financing arrangements that are primarily used to finance certain of our property and equipment additions and, to a lesser extent, certain of our operating expenses. These obligations are generally due within one year. At September 30, 2015 and December 31, 2014, the amounts owed pursuant to these arrangements include €7.5 million and €2.3 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 an amount due to Liberty Global Europe Holding B.V. (**Liberty Global Europe**), a subsidiary of Liberty Global and the immediate parent of Ziggo Group Holding, pursuant to the Liberty Global Europe Note, 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 amounts due to Liberty Global Broadband I Limited (**Liberty Global Broadband Limited**) pursuant to the Liberty Global Broadband Note, as defined and described below. As of December 31, 2014, the outstanding balance under the Liberty Global Broadband Note was due to Liberty Global Broadband II Limited. During the first quarter of 2015, the Liberty Global Broadband Note was novated from Liberty Global Broadband II Limited to Liberty Global Broadband Limited.
- (j) Represents an amount that was owed to Liberty Global Services B.V. (**Liberty Global Services**), a subsidiary of Liberty Global, as further described below.
- (k) Represents an amount that was owed to Liberty Global Europe pursuant to the 2012 Liberty Global Europe Note, as defined and described below.
- (l) Represents an amount that was owed to Unitymedia Hessen, as further described below.
- (m) Amounts represent other interest-bearing borrowings pursuant to related-party loan agreements.

Ziggo Credit Facility

On January 27, 2014, in connection with Liberty Global's then pending acquisition of Ziggo Holding, Ziggo B.V. and certain of its subsidiaries entered into (i) a U.S. dollar-denominated term loan facility in an aggregate principal amount of \$2,350.0 million (€2,101.6 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**), which was increased to €800.0 million in July 2015, 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.

ZIGGO GROUP HOLDING B.V.
Notes to Condensed Consolidated Financial Statements — (Continued)
September 30, 2015
(unaudited)

Also on January 27, 2014, HoldCo VII 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 September 30, 2015 are summarized in the following table:

Ziggo 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	€ —	€ 2,073.5
Ziggo Euro Facility (e)	January 15, 2022	EURIBOR + 3.00%	€ 2,000.0	—	1,981.7
Ziggo Senior Secured Proceeds Loan (f)	January 15, 2025	3.75%	€ 800.0	—	800.0
Ziggo Euro Senior Proceeds Loan (f)	January 15, 2025	4.625%	€ 400.0	—	400.0
Ziggo Dollar Senior Proceeds Loan (f)	January 15, 2025	5.875%	\$ 400.0	—	357.7
New Ziggo Credit Facility (g)	March 31, 2021	EURIBOR + 3.75%	€ 689.2	—	689.2
Ziggo Revolving Facilities (h).....	June 30, 2020	(h)	€ 800.0	800.0	—
Elimination of the Ziggo Proceeds Loans in consolidation (f)				—	(1,557.7)
Total.....				<u>€ 800.0</u>	<u>€ 4,744.4</u>

- (a) Except as described in (f) below, amounts represent total third-party facility amounts at September 30, 2015 without giving effect to the impact of discounts.
- (b) At September 30, 2015, based on the applicable leverage and other financial covenants, our availability under the Ziggo Revolving Facilities was limited to €609.0 million. When the relevant September 30, 2015 compliance reporting requirements have been completed and assuming no changes from September 30, 2015 borrowing levels, we anticipate that our availability under the Ziggo Revolving Facilities will be limited to €662.2 million.
- (c) The carrying values of the Ziggo Dollar Facility and the Ziggo Euro Facility include the impact of discounts, where applicable.
- (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) As further discussed in the below description of the Ziggo SPE Notes, the amounts outstanding under the Ziggo Proceeds Loans (as defined and described below), are eliminated in our condensed consolidated financial statements.

ZIGGO GROUP HOLDING B.V.
Notes to Condensed Consolidated Financial Statements — (Continued)
September 30, 2015
(unaudited)

- (g) In connection with the Ziggo Services Transfer, lenders under a bank facility at UPC Broadband Holding B.V. (**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**) is reflected as a non-cash distribution in connection with the novation of third-party debt from another subsidiary of Liberty Global 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 Ziggo Services to Ziggo Secured Finance. This receivable was funded on a cashless basis as one facility (the **Rollover Loan**) subject to the terms of the Ziggo Senior Secured Proceeds Loan Facility, as defined below. The New Ziggo Credit Facility ranks equally with the Ziggo 2025 Senior Secured Notes, as defined below, including with respect to the proceeds of enforcement of the notes collateral, as specified in the indenture, and the Rollover Loan ranks equally with the Ziggo Senior Secured Proceeds Loan, as defined below.
- (h) The Ziggo Revolving Facilities include (i) a €750.0 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.

The Ziggo Credit Facility requires that certain subsidiaries of Ziggo Group Holding 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 subsidiaries of Ziggo Group Holding 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 Ziggo Services Transfer, Liberty Global formed two special purpose financing entities: (i) Ziggo Bond Finance B.V. (**Ziggo Bond Finance**) and its subsidiary and (ii) Ziggo Secured Finance B.V. (**Ziggo Secured Finance**) and, together with Ziggo Bond Finance, the **Ziggo SPEs**). The primary purpose of the Ziggo SPEs was to facilitate (a) the issuance of the Ziggo SPE Notes (as defined and described below) and (b) the creation of the New Ziggo Credit Facility. The Ziggo SPEs are wholly-owned by a Dutch foundation.

On January 29, 2015, Ziggo Bond Finance issued (i) \$400.0 million (€357.7 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

ZIGGO GROUP HOLDING B.V.
Notes to Condensed Consolidated Financial Statements — (Continued)
September 30, 2015
(unaudited)

(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	Outstanding principal amount		Estimated fair value	Carrying value
			Borrowing currency	Euro equivalent		
			in millions			
Ziggo 2025 Senior Secured Notes	January 15, 2025	3.750%	€ 800.0	€ 800.0	€ 722.0	€ 800.0
Ziggo 2025 Euro Senior Notes	January 15, 2025	4.625%	€ 400.0	400.0	361.7	400.0
Ziggo 2025 Dollar Senior Notes	January 15, 2025	5.875%	\$ 400.0	357.7	327.8	357.7
Total				€ 1,557.7	€ 1,411.5	€ 1,557.7

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

The net proceeds of the Ziggo SPE Notes, and ultimately the net proceeds from the Ziggo Proceeds Loans, were placed into certain escrow accounts and were released from escrow on March 5, 2015, upon the Ziggo Services 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 aggregate €1,200.0 million of proceeds from the Ziggo Euro Senior Proceeds Loan and the Ziggo Senior Secured Proceeds Loan, were released from the escrow account and distributed directly to UPC Financing Partnership, a subsidiary of UPC Broadband Holding and, as such, represents a non-cash issuance of debt. The proceeds from the Ziggo 2025 Dollar Senior Notes, and ultimately the Ziggo Dollar Senior Proceeds Loan, were received by Ziggo Bond Finance with €334.5 million being distributed to UPC Financing Partnership upon being released from escrow. This distribution, together with the distribution of the Ziggo Euro Senior Proceeds Loan and the Ziggo Senior Secured Proceeds Loan, were used to redeem a portion of the outstanding indebtedness of a subsidiary of UPC Broadband Holding. Prior to the Ziggo Services Transfer, UPC Broadband Holding indirectly owned 100% of Ziggo Services. In consideration for the distribution of the Proceeds Loans to UPC Financing Partnership, 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 Ziggo Proceeds Loan Borrowers in order to service its payment obligations under the applicable Ziggo SPE Notes. None of the Ziggo 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 Ziggo Proceeds Loan Borrowers have no equity or voting interest in any of the Ziggo SPEs, each of the Ziggo Proceeds Loans creates a variable interest in the respective Ziggo SPE for which the applicable Ziggo Proceeds Loan Borrower is the primary beneficiary. As such, the Ziggo Proceeds Loan Borrowers and their parent entities, including Ziggo Group Holding, are required to consolidate the Ziggo SPEs. Accordingly, the amounts outstanding under the Ziggo Proceeds Loans are eliminated in our 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,

ZIGGO GROUP HOLDING B.V.
Notes to Condensed Consolidated Financial Statements — (Continued)
September 30, 2015
(unaudited)

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 12-month period commencing on January 15 of the years set forth below:

Year	Redemption price		
	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 Ziggo 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 Ziggo 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 Ziggo Proceeds Loans.

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

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

ZIGGO GROUP HOLDING B.V.
Notes to Condensed Consolidated Financial Statements — (Continued)
September 30, 2015
(unaudited)

Ziggo Notes

At September 30, 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 September 30, 2015 are summarized in the following table:

Ziggo Notes	Maturity	Interest rate	Borrowing currency	Estimated fair value in millions	Carrying value (a)
Ziggo 2020 Euro Senior Secured Notes	March 27, 2020	3.625%	€ 71.7	€ 70.8	€ 73.5
Ziggo 2024 Euro Senior Notes	May 15, 2024	7.125%	€ 743.1	798.4	811.6
Total				<u>€ 869.2</u>	<u>€ 885.1</u>

(a) Amounts include the impact of premiums.

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 contain certain customary incurrence-based covenants. For example, the ability to raise certain additional debt and make certain distributions or loans to other subsidiaries of Liberty Global is subject to a net leverage ratio test, as specified in the applicable indenture.

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 12-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%

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%.

ZIGGO GROUP HOLDING B.V.
Notes to Condensed Consolidated Financial Statements — (Continued)
September 30, 2015
(unaudited)

Related-party Debt

Liberty Global Broadband Note

During 2014, we issued a note payable to Liberty Global Broadband Limited (the **Liberty Global Broadband Note**). The Liberty Global Broadband Note matures on May 15, 2025 and has a fixed interest rate of 5.13%. Accrued interest is included in other long-term liabilities until it is transferred to the loan balance on January 1 of each year. The net decrease in the balance during the nine months ended September 30, 2015 includes (i) a decrease of €3,926.0 million related to a non-cash loan settlement against the Liberty Global Europe Note (as defined and described below), (ii) a decrease of €207.2 million related to non-cash loan settlements as further described in note 10, (iii) a decrease of €172.5 million representing the then fair value of certain derivative instruments that were novated to us from UPC Broadband Holding and (iv) an increase of €30.9 million resulting from the transfer of accrued interest.

Liberty Global Europe Note

In July 2015, we issued a note payable to Liberty Global Europe (the **Liberty Global Europe Note**). The Liberty Global Europe Note matures on July 1, 2020 and has a fixed interest rate of 4.48%. Accrued interest is included in other long-term liabilities until it is transferred to the loan balance on January 1 of each year. The net increase during the nine months ended September 30, 2015 includes (i) an increase of €3,926.0 million related to a non-cash transfer of principal from the Liberty Global Broadband Note, (ii) a decrease of €1,640.5 million related to a non-cash settlement against the Liberty Global Europe Holding Receivable (as defined and described in note 10), (iii) an increase of €42.5 million related to cash borrowings, (iv) a decrease of €22.4 million related to cash payments and (v) a decrease of €1.7 million related to non-cash loan settlements. During the nine months ended September 30, 2015, none of the debt repayments were payments of interest.

Liberty Global Services Note

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 Note**). In addition, in connection with the Network Transfer, UPC Western Europe issued to our company the UPC Western Europe Loan Receivable, as defined and described in note 10. The original principal balance of the Liberty Global Services Note and the UPC Western Europe Loan Receivable were equivalent and, therefore, no cash was exchanged between the related parties involved in the transaction. The Liberty Global Services Note bore interest at 7.72%. Accrued interest of €80.2 million as of December 31, 2014 on the Liberty Global Services Note was included in other long-term liabilities in our condensed consolidated balance sheet. During the first quarter of 2015 and in connection with the Ziggo Services Transfer and the HoldCo VI Transfer, €881.5 million of the outstanding principal under the Liberty Global Services Note was settled against the UPC Western Europe Loan Receivable. In addition, the remaining outstanding principal and interest of €120.8 million was converted to equity. This conversion resulted in an increase to parent's equity in our condensed consolidated statement of owner's equity.

2012 Liberty Global Europe Note

On March 16, 2012, UPC Equipment entered into a loan agreement with Liberty Global Europe (the **2012 Liberty Global Europe Note**). The 2012 Liberty Global Europe Note bore interest at 9.29%. Accrued interest of €5.7 million as of December 31, 2014 on the 2012 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, effective January 1, 2015, the 2012 Liberty Global Europe Note is no longer included in our condensed consolidated financial statements.

Unitymedia Hessen Note

On August 2, 2013, UMI entered into a loan agreement with Unitymedia Hessen (the **Unitymedia Hessen Note**). The Unitymedia Hessen Note bore interest at 2.47%. Accrued interest of €0.8 million 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, effective January 1, 2015, the Unitymedia Hessen Note is no longer included in our condensed consolidated financial statements.

ZIGGO GROUP HOLDING B.V.
Notes to Condensed Consolidated Financial Statements — (Continued)
September 30, 2015
(unaudited)

Maturities of Debt and Capital Lease Obligations

The euro equivalents of the maturities of our debt and capital lease obligations as of September 30, 2015 are presented below:

Debt:

	<u>Third-party debt (a)</u>	<u>Related- party debt</u>	<u>Total</u>
	<u>in millions</u>		
Year ending December 31:			
2015 (remainder of year)	€ 0.4	€ —	€ 0.4
2016	59.5	—	59.5
2017	—	—	—
2018	—	—	—
2019	—	—	—
2020	71.7	—	71.7
Thereafter	7,091.6	3,435.7	10,527.3
Total debt maturities	<u>7,223.2</u>	<u>3,435.7</u>	<u>10,658.9</u>
Unamortized premium, net	23.9	—	23.9
Total debt	<u>€ 7,247.1</u>	<u>€ 3,435.7</u>	<u>€ 10,682.8</u>
Current portion	<u>€ 59.5</u>	<u>€ —</u>	<u>€ 59.5</u>
Noncurrent portion	<u>€ 7,187.6</u>	<u>€ 3,435.7</u>	<u>€ 10,623.3</u>

(a) Amounts include the Ziggo SPE Notes issued by the Ziggo SPEs. As described above, we consolidate the Ziggo SPEs.

Capital Lease Obligations (in millions):

Year ending December 31:	
2015 (remainder of year)	€ 0.7
2016	4.2
2017	2.3
2018	0.9
2019	0.2
2020 and thereafter	—
Total principal and interest payments	<u>8.3</u>
Amounts representing interest	<u>(0.6)</u>
Present value of net minimum lease payments	<u>€ 7.7</u>
Current portion	<u>€ 4.1</u>
Noncurrent portion	<u>€ 3.6</u>

(9) Income Taxes

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

ZIGGO GROUP HOLDING B.V.
Notes to Condensed Consolidated Financial Statements — (Continued)
September 30, 2015
(unaudited)

Ziggo Group Holding, along with UPC Nederland Holding and its Dutch subsidiaries, is part of a Dutch fiscal unity (the **Liberty Global Holding Dutch Fiscal Unity**) comprised of Liberty Global Holding B.V. (**Liberty Global Holding**) and all of its Dutch subsidiaries, including subsidiaries that are outside of Ziggo Group Holding. The Liberty Global Holding 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 to our company from other Liberty Global Holding subsidiaries within the Liberty Global Holding 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, intercompany tax allocations are reflected as an adjustment of parent's equity in our condensed consolidated statement of owner's equity.

Furthermore, UMI has 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 and nine months ended September 30, 2014. Effective January 1, 2015, we no longer consolidate UMI. For more information regarding the deconsolidation of UMI, see note 1.

Income tax benefit (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		Nine months ended	
	September 30,		September 30,	
	2015	2014 (a)	2015	2014 (a)
	in millions			
Computed "expected" tax benefit (expense).....	€ 34.5	€ (34.7)	€ 79.2	€ (68.0)
Tax benefit associated with technology innovation.....	7.3	—	16.9	—
Recognition of previously unrecognized tax benefits.....	—	—	7.9	—
Non-deductible or non-taxable interest and other expenses	(4.0)	(1.3)	(7.9)	(1.3)
Basis and other differences in the treatment of items associated with investment in subsidiaries and affiliates.....	(1.4)	22.5	(2.3)	26.1
Other, net.....	0.8	0.6	(0.3)	0.7
Total income tax benefit (expense).....	<u>€ 37.2</u>	<u>€ (12.9)</u>	<u>€ 93.5</u>	<u>€ (42.5)</u>

(a) As retrospectively revised – see note 1.

ZIGGO GROUP HOLDING B.V.
Notes to Condensed Consolidated Financial Statements — (Continued)
September 30, 2015
(unaudited)

(10) Related-party Transactions

Our related-party transactions are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014 (a)	2015	2014 (a)
	in millions			
Revenue.....	€ 0.6	€ 0.7	€ 1.4	€ 1.9
Operating expenses	(7.2)	(6.3)	(29.8)	(19.5)
SG&A expenses	(0.6)	(0.3)	(2.5)	(1.4)
Allocated share-based compensation expense	(2.0)	—	(4.2)	(0.9)
Fees and allocations:				
Operating and SG&A related (exclusive of depreciation and share-based compensation)	(17.2)	(11.8)	(47.5)	(27.3)
Depreciation and share-based compensation.....	(16.0)	(10.4)	(41.2)	(21.0)
Management fee	(9.3)	(1.3)	(18.9)	(17.4)
Total fees and allocations.....	(42.5)	(23.5)	(107.6)	(65.7)
Included in operating income	(51.7)	(29.4)	(142.7)	(85.6)
Interest expense.....	(45.0)	(31.8)	(181.8)	(81.0)
Interest income	—	35.0	16.3	97.6
Intercompany tax allocations	5.3	(47.6)	(1.6)	(73.0)
Included in net earnings (loss).....	€ (91.4)	€ (73.8)	€ (309.8)	€ (142.0)
Property and equipment additions, net.....	€ 35.1	€ 4.9	€ 82.2	€ 38.3

(a) As retrospectively revised – see note 1.

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. This new methodology, which 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,

ZIGGO GROUP HOLDING B.V.
Notes to Condensed Consolidated Financial Statements — (Continued)
September 30, 2015
(unaudited)

impacts the calculation of the “EBITDA” metric specified by our debt agreements (**Covenant EBITDA**). 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. Such amounts consist of (i) charges of €6.3 million and €4.9 million during the three months ended September 30, 2015 and 2014, respectively, and €24.8 million and €15.2 million during the nine months ended September 30, 2015 and 2014, respectively, for programming and related services provided to our company, (ii) charges of €0.5 million and €1.4 million during the three months ended September 30, 2015 and 2014, respectively, and €3.4 million and €4.3 million during the nine months ended September 30, 2015 and 2014, respectively, for certain customer premises equipment, backbone and other network-related services provided to our company, and (iii) charges of €0.4 million and nil during the three months ended September 30, 2015 and 2014, respectively, and €1.6 million and nil during the nine months ended September 30, 2015 and 2014, respectively, for outsourced labor and professional services provided to our company.

SG&A expenses. Amounts consist primarily of charges for information technology-related and other services provided to our company by 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 employees of our subsidiaries.

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, during the 2014 periods, the use of the UPC trademark. The categories of our fees and allocations are as follows:

- *Operating and SG&A related (exclusive of depreciation and share-based compensation).* The amounts included in this category, which are generally 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. Amounts in this category are generally deducted to arrive at our Covenant EBITDA.
- *Depreciation and share-based compensation.* The amounts included in this category, which are generally 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 generally loan settled, represent our estimated allocable share of (i) operating and SG&A expenses related to 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. For the nine months ended September 30, 2015, our €63.1 million proportional share of the technology-based costs was €16.9 million more than the royalty-based technology fee charged under the new approach. Accordingly, the €16.9 million has been reflected as a non-cash deemed contribution of technology-related services in our condensed consolidated statement of owner’s equity. The charges under the new

ZIGGO GROUP HOLDING B.V.
Notes to Condensed Consolidated Financial Statements — (Continued)
September 30, 2015
(unaudited)

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 primarily relate to (i) the Liberty Global Broadband Note (ii) the Liberty Global Europe Note during the 2015 periods and (iii) the Liberty Global Services Note, the 2012 Liberty Global Europe Note and the Unitymedia Hessen Note during the 2014 periods. For additional information, see note 8.

Interest income. Amounts relate to the UPC Western Europe Loan Receivable and the UPC Broadband Loan Receivable (each as defined and described below) and, during the three and nine months ended September 30, 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 other Liberty Global Holding subsidiaries within the Liberty Global Holding Dutch Fiscal Unity. For additional information, see note 9.

Property and equipment additions, net. These amounts, which are generally cash settled, represent the net carrying values of (i) customer premises and network-related equipment acquired from other Liberty Global subsidiaries, which subsidiaries centrally procure equipment on behalf of our company and various other Liberty Global subsidiaries, and (ii) equipment transferred to other Liberty Global subsidiaries outside of Ziggo Group Holding. 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 parent's equity in our condensed consolidated statement of owner's equity.

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

	September 30, 2015	December 31, 2014 (a)
	in millions	
Assets:		
Related-party receivables.....	€ 37.1	€ 8.7
Loans receivable – related-party:		
UPC Western Europe Loan Receivable (b).....	—	922.1
UPC Broadband Loan Receivable (c)	—	853.1
Total loans receivable	—	1,775.2
Other assets, net (d)	—	132.7
Total assets.....	<u>€ 37.1</u>	<u>€ 1,916.6</u>
Liabilities:		
Accounts payable (e)	€ 55.8	€ 17.5
Accrued and other current liabilities (e)	68.5	35.7
Accrued interest	0.2	0.3
Debt and capital lease obligations (f)	3,443.1	6,449.5
Other long-term liabilities (g).....	181.4	117.6
Total liabilities	<u>€ 3,749.0</u>	<u>€ 6,620.6</u>

(a) As retrospectively revised – see note 1.

(b) Represent loans receivable from UPC Western Europe (collectively the **UPC Western Europe Loan Receivable**) issued in connection with the Network Transfer and the related issuance of the Liberty Global Services Note. Accrued interest of €70.6 million on the UPC Western Europe Loan Receivable, which bore an interest rate of 6.80% at December 31, 2014, was included in other assets, net, in our December 31, 2014 condensed consolidated balance sheet. This accrued interest was transferred to the principal balance of the UPC Western Europe Loan Receivable on January 1, 2015. During the first

ZIGGO GROUP HOLDING B.V.
Notes to Condensed Consolidated Financial Statements — (Continued)
September 30, 2015
(unaudited)

quarter of 2015, (i) €881.5 million of principal due under the UPC Western Europe Loan Receivable was non-cash settled against the Liberty Global Services Note, as further described in note 8, and (ii) the remaining amount outstanding of €112.6 million, which represents €111.2 million of principal and €1.4 million of accrued interest, was converted to equity resulting in a non-cash decrease to parent's equity in our condensed consolidated statement of owner's equity.

- (c) 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 of €62.1 million at December 31, 2014 was included in other assets, net, in our condensed consolidated balance sheet. This accrued interest was transferred to the principal balance of the UPC Broadband Loan Receivable on January 1, 2015. During the first quarter of 2015, (i) €89.3 million of cash repayments were received on the outstanding principal balance of the UPC Broadband Loan Receivable and (ii) the remaining principal of €840.8 million was converted to equity on March 5, 2015 and is reflected as a non-cash decrease to parent's equity in our condensed consolidated statement of owner's equity. Cash advances and repayments on the UPC Broadband Loan Receivable are included in net advances to related parties in our condensed consolidated statements of cash flows.
- (d) The amount represents accrued interest income related to the UPC Western Europe Loan 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.
- (e) Represents 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. The increase in the accrued and other current liabilities during the nine months ended September 30, 2015 includes (i) a €357.0 million decrease related to net cash transfers to other Liberty Global subsidiaries, (ii) a €334.2 million increase related to (a) a €207.2 million non-cash transfer to the Liberty Global Broadband Note, (b) a €125.3 million non-cash settlement against the Liberty Global Europe Holding Receivable (as defined and described below) and (c) a €1.7 million non-cash settlement against the Liberty Global Europe Note and (iii) a €55.6 million increase related to other cash and non-cash activity. The net cash transfers to other Liberty Global subsidiaries are reported in related-party receipts (payments), net, in our condensed consolidated statements of cash flows.
- (f) Represents debt and capital lease obligations, as further described in note 8.
- (g) Amounts primarily include accrued interest related to the Liberty Global Broadband Note and, at September 30, 2015, the Liberty Global Europe Note. In addition, the December 31, 2014 amount primarily includes accrued interest related to the Liberty Global Services Note, the 2012 Liberty Global Europe Note and the Unitymedia Hessen Note.

In March 2015, we entered into a non-interest bearing loan receivable with Liberty Global Europe (the **Liberty Global Europe Holding Receivable**) that had a maturity date of January 15, 2025. The Liberty Global Europe Holding Receivable was settled during the third quarter of 2015, as further described below. Prior to its settlement, activity on the Liberty Global Europe Holding Receivable during 2015 included, (i) a €1,544.1 million increase in connection with the March 2015 issuance of the Ziggo Proceeds Loans, as further described in note 8, including (a) a €1,200.0 million non-cash increase and (b) a €344.1 million cash advance, (ii) an increase of €125.3 million related to non-cash settlements, as further described below, and (iii) a decrease of €28.9 million related to non-cash settlements of certain related-party fees and allocations. During the third quarter of 2015, the outstanding principal balance of €1,640.5 million under the Liberty Global Europe Holding Receivable was non-cash settled against the Liberty Global Europe Note. Cash advances on the Liberty Global Europe Holding Receivable are included as a component of related-party receipts (payments), net, within financing activities in our condensed consolidated statements of cash flows. During the third quarter of 2015, we reclassified €334.5 million of cash flows from investing activities to financing activities related to a non-interest bearing advance to a related-party that occurred prior to the third quarter of 2015.

During the nine months ended September 30, 2015, we recorded an aggregate capital charge of €4.1 million in our condensed consolidated statement of owner's equity in connection with the exercise of Liberty Global share appreciation rights and the vesting of Liberty Global restricted share awards held by certain employees of our subsidiaries. We and Liberty Global have agreed that these capital charges will be based on the fair value of the underlying Liberty Global shares associated with share-based incentive awards that vest or are exercised during the period, subject to any reduction that is necessary to ensure that the capital charge does not exceed the amount of share-based compensation expense recorded by our company with respect to Liberty Global share-based incentive awards.

ZIGGO GROUP HOLDING B.V.
Notes to Condensed Consolidated Financial Statements — (Continued)
September 30, 2015
(unaudited)

As further described in note 1, subsequent to December 31, 2014, the leasing transactions between Ziggo Services and UMI, UPC Equipment and UPC International were unwound and, as such, effective January 1, 2015, we no longer consolidate UMI, UPC Equipment and UPC International. As a result of the deconsolidation of these entities, Ziggo Group Holding paid €89.5 million during the nine months ended September 30, 2015 to settle related-party capital lease obligations due to these entities, which, prior to January 1, 2015, were eliminated in consolidation. We have reported these cash payments as a component of related-party receipts (payments), net, within financing activities in our condensed consolidated statements of cash flows.

(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-cancellable operating leases, purchases of customer premises and other equipment, network and connectivity commitments and other items. The following table sets forth these commitments as of September 30, 2015:

		Payments due during:											
	Remainder of 2015	2016	2017	2018	2019	2020	Thereafter	Total					
in millions													
Programming commitments	€ 23.6	€ 72.5	€ 41.2	€ 18.7	€ 9.3	€ —	€ —	€ 165.3					
Operating leases.....	6.0	20.9	17.7	13.9	8.6	6.0	10.2	83.3					
Purchase commitments.....	7.1	17.1	2.0	0.3	—	—	—	26.5					
Network and connectivity commitments.....	3.1	5.0	2.4	—	—	—	—	10.5					
Other commitments	17.2	52.7	7.6	2.5	2.5	2.5	3.7	88.7					
Total (a).....	€ 57.0	€ 168.2	€ 70.9	€ 35.4	€ 20.4	€ 8.5	€ 13.9	€ 374.3					

- (a) The commitments included in this table do not reflect any liabilities that are included in our September 30, 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 as 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. Historically, payments to programming vendors have represented a significant portion of our operating costs, and we expect that this will continue to be the case in future periods. In this regard, during the nine months ended September 30, 2015 and 2014, third-party programming and copyright costs incurred by our operations aggregated €205.5 million and €83.6 million, respectively.

Purchase commitments include unconditional and legally binding obligations related to the purchase of customer premises and other equipment, including €3.9 million associated with related-party purchase obligations.

Network and connectivity commitments include commitments associated with (i) fiber leasing and (ii) commitments associated with our mobile virtual network operator (MVNO) agreement. The amounts reflected in the above table with respect to our MVNO commitments represent fixed minimum amounts payable under this agreement and, therefore, may be significantly less than the actual amounts we ultimately pay in these periods.

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

ZIGGO GROUP HOLDING B.V.
Notes to Condensed Consolidated Financial Statements — (Continued)
September 30, 2015
(unaudited)

In addition to the commitments set forth in the table above, we have significant commitments under (i) derivative instruments and (ii) multiemployer benefit plans, 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 nine months ended September 30, 2015, see note 5.

Guarantees and Other Credit Enhancements

In the ordinary course of business, we may provide (i) indemnifications to our lenders, our vendors and certain other parties and (ii) 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, mobile and content 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.

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.

ZIGGO GROUP HOLDING B.V.
Notes to Condensed Consolidated Financial Statements — (Continued)
September 30, 2015
(unaudited)

(12) Segment Reporting

We have one reportable segment that provides video, broadband internet, fixed-line telephony and mobile services to residential and business customers in the Netherlands.

Our revenue by major category is set forth below:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2015	2014	2015	2014
	in millions			
Subscription revenue (a):				
Video.....	€ 262.0	€ 115.4	€ 801.4	€ 346.4
Broadband internet	177.2	48.2	529.0	149.6
Fixed-line telephony.....	118.1	45.1	357.9	134.9
Cable subscription revenue	557.3	208.7	1,688.3	630.9
Mobile subscription revenue (b).....	7.2	0.1	19.3	0.2
Total subscription revenue	564.5	208.8	1,707.6	631.1
Business-to-business (B2B) revenue (c).....	40.1	13.8	121.1	42.1
Other revenue (d)	8.1	5.0	29.7	17.2
Total	€ 612.7	€ 227.6	€ 1,858.4	€ 690.4

- (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 €0.8 million and nil during the three months ended September 30, 2015 and 2014, respectively, and €2.2 million and nil during the nine months ended September 30, 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, mobile 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 expanded 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 is included in cable subscription revenue, aggregated €19.6 million and €6.6 million during the three months ended September 30, 2015 and 2014, respectively, and €56.4 million and €18.6 million during the nine months ended September 30, 2015 and 2014, respectively.
- (d) Other revenue includes, among other items, interconnect, late fee and installation revenue.

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 Ziggo Services, 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 and nine months ended September 30, 2015 and our pro forma results of operations for the three and nine months ended September 30, 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 its predecessor), or, collectively, to Ziggo Group Holding (or its predecessor) and its subsidiaries after giving effect to the common control transfers, as described in note 1 to our condensed consolidated financial statements.

Unless otherwise indicated, convenience translations into euros are calculated as of September 30, 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 timing and impacts of proposed transactions, the maturity of our markets, the anticipated impacts of new legislation (or changes to existing rules and regulations), anticipated changes in our revenue, costs or growth rates, our 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 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 digital 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 digital 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 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 capital and the derivative instruments that hedge certain of our financial risks;
- the ability of suppliers and vendors (including our third-party wireless network providers under our MVNO arrangement) to timely deliver quality products, equipment, software, services and access;
- the availability of attractive programming for our digital 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, including the internal controls and financial reporting process, of businesses 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 HoldCo VI Transfer in November 2014 and the Ziggo Services 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 (i) Ziggo Group Holding, (ii) UPC Nederland Holding and each of its subsidiaries and (iii) HoldCo VI and each of its subsidiaries were under the common control of Liberty Global.

At September 30, 2015, we owned and operated networks that passed 7,014,700 homes and served 9,780,100 revenue generating units (**RGUs**), consisting of 4,139,800 video subscribers (including 3,336,400 enhanced video subscribers), 3,094,900 broadband internet subscribers and 2,545,400 fixed-line telephony subscribers. In addition, at September 30, 2015, we served 180,900 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 “analog cable” and “digital cable” subscriber definitions with “basic video” and “enhanced 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 our RGUs and pro forma declines in our revenue during the 2015 periods. For additional information concerning the comparisons of our historical 2015 and pro forma 2014 results of operations data, see *Material Changes in Results of Operations* below.

In addition to competition, our operations are subject to macroeconomic and political risks that are outside of our control. For example, high levels of sovereign debt in the U.S. and several European countries, combined with weak growth and high unemployment, could potentially lead to fiscal reforms (including austerity measures), tax increases, sovereign debt restructurings, currency instability, increased counterparty credit risk, high levels of volatility and disruptions in the credit and equity markets, as well as other outcomes that might adversely impact our company. Given our significant exposure to the euro, the occurrence of any of these events within the eurozone countries could have an adverse impact on, among other matters, our liquidity and cash flows.

We lost 18,000 and 151,300 RGUs on an organic basis during the three and nine months ended September 30, 2015, respectively, as compared to (2,200) and 70,000 RGUs that we added (lost) on a pro forma basis during the three and nine months ended September 30, 2014, respectively. The organic RGU losses during the three and nine months ended September 30, 2015 are attributable to the net effect of (i) decreases of 32,100 and 98,700 basic video RGUs, respectively, (ii) decreases of 11,400 and

50,900 enhanced video RGUs, respectively, (iii) increases of 29,200 and 28,900 broadband internet RGUs, respectively, and (iv) decreases of 3,700 and 30,600 fixed-line telephony RGUs, respectively.

Material Changes in Results of Operations

General

This section provides an analysis of our results of operations for the three and nine months ended September 30, 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 the Ziggo Acquisition Date. In order to provide meaningful comparisons, our results of operations data for the three and nine months ended September 30, 2014 have been adjusted to give effect to the pro forma adjustments as of January 1, 2014 relating to (i) the inclusion of the historical operating results of Ziggo Holding, (ii) third-party acquisition-related financings that occurred during February and November of 2014, (iii) the new basis of accounting resulting from the Ziggo Acquisition and (iv) the impact of conforming one of Ziggo Holding's accounting policies to the corresponding Liberty Global accounting policy followed by Ziggo Group Holding. No interest expense on the Liberty Global Broadband Note is reflected in our 2014 pro forma results prior to the November 2014 issuance date. The pro forma amounts are not necessarily indicative of the operating results that would have occurred if these transactions had occurred on January 1, 2014. The pro forma adjustments are based on certain assumptions that we believe are reasonable. For additional information regarding the Ziggo Services Transfer and the HoldCo VI Transfer, see notes 1 and 4 to our condensed consolidated financial statements.

Financial Performance

Historical results for the three and nine months ended September 30, 2015, as compared to the pro forma results for the corresponding periods in 2014, are set forth below (in millions):

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014 pro forma	2015	2014 pro forma
Revenue.....	€ 612.7	€ 631.6	€ 1,858.4	€ 1,896.3
Operating costs and expenses:				
Operating (other than depreciation and amortization) (including share-based compensation)	182.4	186.6	580.2	580.4
SG&A (including share-based compensation)	83.0	87.6	271.6	262.5
Related-party fees and allocations.....	42.5	39.4	107.6	113.4
Depreciation and amortization	254.6	232.5	797.9	698.4
Impairment, restructuring and other operating items, net	9.9	4.3	19.1	6.2
	<u>572.4</u>	<u>550.4</u>	<u>1,776.4</u>	<u>1,660.9</u>
Operating income.....	<u>40.3</u>	<u>81.2</u>	<u>82.0</u>	<u>235.4</u>
Non-operating income (expense):				
Interest expense:				
Third-party	(81.3)	(43.4)	(227.7)	(129.4)
Related-party	(45.0)	(31.8)	(181.8)	(81.0)
Interest income – related-party.....	—	35.0	16.3	97.6
Realized and unrealized gains (losses) on derivative instruments, net	(56.5)	10.6	160.8	(194.7)
Foreign currency transaction gains (losses), net	6.3	(143.0)	(159.7)	(152.5)
Losses on debt modification and extinguishment, net	—	—	(0.9)	(64.0)
Other expense, net	(1.7)	(0.8)	(5.9)	(5.3)
	<u>(178.2)</u>	<u>(173.4)</u>	<u>(398.9)</u>	<u>(529.3)</u>
Loss before income taxes	<u>(137.9)</u>	<u>(92.2)</u>	<u>(316.9)</u>	<u>(293.9)</u>
Income tax benefit.....	37.2	29.7	93.5	84.6
Net loss.....	<u>(100.7)</u>	<u>(62.5)</u>	<u>(223.4)</u>	<u>(209.3)</u>
Net loss attributable to noncontrolling interests	—	0.7	—	1.4
Net loss attributable to parent	<u>€ (100.7)</u>	<u>€ (61.8)</u>	<u>€ (223.4)</u>	<u>€ (207.9)</u>

Revenue

We earn revenue from (i) subscribers to our broadband communications and mobile services and (ii) B2B services, interconnect fees, late fees, installation fees, and channel carriage 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 tables, mobile subscription revenue excludes the related interconnect revenue.

We pay interconnect 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 our MVNO arrangement. The amounts we charge and incur with respect to fixed-line telephony and mobile interconnect 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 adjusted operating income before depreciation and amortization (**Adjusted Segment OIBDA**) would be dependent on the call or text messaging patterns that are subject to the changed termination rates. Adjusted Segment OIBDA is defined as operating income before depreciation and amortization, share-based compensation, related-party fees and allocations, provisions and provision releases related to significant litigation and impairment, restructuring and other operating items. Other operating items include (i) gains and losses on the disposition of long-lived assets, (ii) third-party costs directly associated with successful and unsuccessful acquisitions and dispositions, including legal, advisory and due diligence fees, as applicable, and (iii) other acquisition-related items, such as gains and losses on the settlement of contingent consideration.

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 (in millions, except percentages):

	Three months ended September 30,		Increase (decrease)	
	2015	2014	€	%
	pro forma			
Subscription revenue (a):				
Video.....	€ 262.0	€ 275.9	€ (13.9)	(5.0)
Broadband internet	177.2	171.3	5.9	3.4
Fixed-line telephony	118.1	120.7	(2.6)	(2.2)
Cable subscription revenue	557.3	567.9	(10.6)	(1.9)
Mobile subscription revenue (b).....	7.2	4.1	3.1	75.6
Total subscription revenue	564.5	572.0	(7.5)	(1.3)
B2B revenue (c)	40.1	41.4	(1.3)	(3.1)
Other revenue (b) (d)	8.1	18.2	(10.1)	(55.5)
Total	€ 612.7	€ 631.6	€ (18.9)	(3.0)
	Nine months ended September 30,		Increase (decrease)	
	2015	2014	€	%
	pro forma			
Subscription revenue (a):				
Video	€ 801.4	€ 831.2	€ (29.8)	(3.6)
Broadband internet	529.0	510.3	18.7	3.7
Fixed-line telephony	357.9	363.7	(5.8)	(1.6)
Cable subscription revenue	1,688.3	1,705.2	(16.9)	(1.0)
Mobile subscription revenue (b)	19.3	9.0	10.3	114.4
Total subscription revenue	1,707.6	1,714.2	(6.6)	(0.4)
B2B revenue (c)	121.1	124.4	(3.3)	(2.7)
Other revenue (b) (d)	29.7	57.7	(28.0)	(48.5)
Total	€ 1,858.4	€ 1,896.3	€ (37.9)	(2.0)

- (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 €0.8 million and €0.4 million during the three months ended September 30, 2015 and 2014, respectively, and €2.2 million and €1.0 million during the nine months ended September 30, 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, mobile 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 expanded 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 is included in cable subscription revenue, aggregated €19.6 million and €17.1 million during the three months ended September 30, 2015 and 2014, respectively, and €56.4 million and €48.6 million during the nine months ended September 30, 2015 and 2014, respectively.
- (d) Other revenue includes, among other items, interconnect, late fee and installation revenue.

The details of the decreases in our revenue during the three and nine months ended September 30, 2015, as compared to the corresponding periods in 2014, are set forth below:

	Three-month period			Nine-month period		
	Subscription revenue	Non-subscription revenue	Total	Subscription revenue	Non-subscription revenue	Total
	in millions					
Pro forma increase (decrease) in cable subscription revenue due to change in:						
Average number of RGUs (a)	€ (10.8)	€ —	€ (10.8)	€ (17.0)	€ —	€ (17.0)
Average monthly subscription revenue per average RGU (ARPU) (b)	0.2	—	0.2	0.1	—	0.1
Total pro forma decrease in cable subscription revenue	(10.6)	—	(10.6)	(16.9)	—	(16.9)
Pro forma increase in mobile subscription revenue (c)	3.1	—	3.1	10.3	—	10.3
Total pro forma decrease in subscription revenue	(7.5)	—	(7.5)	(6.6)	—	(6.6)
Pro forma decrease in B2B revenue (d)	—	(1.3)	(1.3)	—	(3.3)	(3.3)
Pro forma decrease in other non-subscription revenue (e)	—	(10.1)	(10.1)	—	(28.0)	(28.0)
Total pro forma decrease	€ (7.5)	€ (11.4)	€ (18.9)	€ (6.6)	€ (31.3)	€ (37.9)

- (a) The decreases in cable subscription revenue related to changes in the average numbers of RGUs are attributable to declines in the average numbers of basic video, fixed-line telephony and enhanced video RGUs that were only partially offset by increases in the average number of broadband internet RGUs.
- (b) The increases in cable subscription revenue related to changes in ARPU are due to the net effect of (i) improvements in RGU mix and (ii) net decreases primarily resulting from the following factors: (a) lower ARPU due to decreases in fixed-

line telephony call volumes, (b) higher ARPU due to the impact of price increases in July 2015, March 2015 and October 2014, partially offset by the impact of increases in the proportions of subscribers receiving lower-priced tiers of broadband internet and, for the nine-month comparison, digital video services in our bundles, (c) lower ARPU for the three-month comparison due to the impact of higher discounts and (d) lower ARPU from incremental digital video services.

- (c) The increases in mobile subscription revenue are primarily due to increases in the average number of mobile subscribers.
- (d) The decreases in B2B revenue are primarily due to lower revenue from voice and data services.
- (e) The decreases in other non-subscription revenue are primarily due to (i) decreases in revenue of €5.6 million and €14.9 million, respectively, resulting from the termination of a partner network agreement shortly after the Ziggo Acquisition, (ii) lower revenue from set-top box sales due to an increased emphasis on the rental, as opposed to the sale, of set-top boxes and (iii) decreases in installation revenue.

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) 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, (ii) rate increases and (iii) growth in the number of our enhanced video subscribers. 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 decreased €4.2 million or 2.3% and €0.2 million or less than 0.1% during the three and nine months ended September 30, 2015, respectively, as compared to the corresponding periods in 2014. Our operating expenses include share-based compensation expense, which decreased nil and €0.2 million during the three and nine months ended September 30, 2015, respectively. Excluding the effects of share-based compensation expense, our operating expenses decreased €4.2 million or 2.3% and nil, respectively. These changes include the following factors:

- Decreases in other direct costs of €6.7 million and €17.6 million, respectively, primarily due to (i) lower costs of set-top box sales due to an increased emphasis on the rental, as opposed to the sale, of set-top boxes, (ii) lower promotions involving free devices and (iii) lower costs due to the termination of a partner network agreement shortly after the Ziggo Acquisition;
- Increases in outsourced labor and professional fees of €1.3 million or 10.3% and €11.9 million or 29.7%, respectively, due to higher call center costs. The higher call center costs represent third-party costs that are primarily related to network and product harmonization activities following the Ziggo Acquisition. These costs, together with certain other third-party customer care costs, accounted for increases of €0.4 million and €12.3 million, respectively;
- Increases in programming and copyright costs of €3.6 million or 4.9% and €7.8 million or 4.3%, respectively, primarily due to higher costs for certain premium and basic content;
- Decreases in personnel costs of €5.1 million or 4.0% and €5.3 million or 0.7%, respectively, primarily due to the net effect of (i) decreased costs related to higher proportions of capitalizable activities, (ii) decreased staffing levels and (iii) annual wage increases;
- Increases in network-related expenses of €2.2 million or 8.7% and €3.7 million or 2.4%, respectively, primarily due to the net effect of (i) increases in network and customer premises equipment maintenance costs, (ii) lower power costs and (iii) for the nine-month comparison, increases in third-party costs incurred of €2.0 million related to network harmonization activities following the Ziggo Acquisition; and
- Decreases in mobile access and interconnect costs of €1.4 million or 5.3% and €1.1 million or 1.4%, respectively, primarily due to the net effect of (i) increased costs attributable to higher mobile subscriber growth and (ii) lower fixed-line telephony call volumes.

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 (decreased) (€4.6 million) or (5.3%) and €9.1 million or 3.5% during the three and nine months ended September 30, 2015, respectively, as compared to the corresponding periods in 2014. Our SG&A expenses include share-based compensation expense, which increased €1.8 million and €2.9 million, respectively. Excluding the effects of share-based compensation expense, our SG&A expenses increased (decreased) (€6.4 million) or (7.3%) and €6.2 million or 2.4%, respectively. These changes include the following factors:

- An increase in sales and marketing costs for the nine-month comparison of €5.9 million or 6.6%, primarily due to (i) an increase of €3.6 million related to rebranding activities following the Ziggo Acquisition and (ii) higher costs associated with advertising campaigns;
- A decrease in personnel costs for the three-month comparison of €3.5 million or 9.1%, primarily due to the net effect of (i) lower incentive compensation costs, (ii) higher temporary personnel costs associated with the need to fill internal vacancies following staffing level reductions related to the Ziggo Acquisition and (iii) higher costs due to lower proportions of capitalizable activities; and
- A decrease in outsourced labor and professional fees for the three month comparison of €1.1 million or 16.1%, primarily due to the net effect of (i) decreased costs related to legal and certain other professional services and (ii) increased consulting costs related to integration activities during the 2015 period of €1.3 million.

Related-party fees and allocations

We recorded related-party fees and allocations of €42.5 million and €39.4 million during the three months ended September 30, 2015 and 2014, respectively, and €107.6 million and €113.4 million during the nine months ended September 30, 2015 and 2014, respectively. 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, during the 2014 periods, the use of the UPC trademark. For additional information, see note 10 to our condensed consolidated financial statements.

Depreciation and amortization expense

Our depreciation and amortization expense increased €22.1 million or 9.5% and €99.5 million or 14.2% during the three and nine months ended September 30, 2015, respectively, as compared to the corresponding periods in 2014. These increases are 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 €9.9 million and €4.3 million during the three months ended September 30, 2015 and 2014, respectively. The 2015 amount is primarily related to (i) €9.8 million of employee severance and termination costs related to certain reorganization activities and (ii) €0.4 million of impairment charges related to intangible assets acquired in the Ziggo Acquisition. The 2014 amount is primarily related to impairment charges related to certain tangible assets.

We recognized impairment, restructuring and other operating items, net, of €19.1 million and €6.2 million during the nine months ended September 30, 2015 and 2014, respectively. The 2015 amount is primarily related to (i) €5.1 million of impairment charges primarily related to intangible assets acquired in the Ziggo Acquisition, (ii) €3.6 million of direct acquisition costs related to the Ziggo Acquisition and (iii) €11.3 million of employee severance and termination costs related to certain reorganization activities. The 2014 amount is primarily related to €5.6 million of impairment charges related to certain tangible assets.

For additional information regarding the Ziggo Acquisition, see note 3 to our condensed consolidated financial statements.

We expect to record further restructuring charges during the fourth quarter of 2015 in connection with the continued integration of Ziggo Holding and Ziggo Services.

If, among other factors, (i) our enterprise value or Liberty Global's equity values 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 €37.9 million or 87.3% and €98.3 million or 76.0% during the three and nine months ended September 30, 2015, respectively, as compared to the corresponding periods in 2014. These increases are primarily due to the issuance of the Ziggo SPE Notes in January and February of 2015. 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 €13.2 million and €100.8 million during the three and nine months ended September 30, 2015, respectively, as compared to the corresponding periods in 2014. These increases are primarily due to the issuance of the Liberty Global Broadband Note in November 2014. For additional information regarding our related-party debt, see note 8 to our condensed consolidated financial statements.

Interest income – related-party

Our related-party interest income decreased €35.0 million and €81.3 million during the three and nine months ended September 30, 2015, respectively, as compared to the corresponding periods in 2014. These decreases are due to the settlements of the UPC Western Europe Loan Receivable and the UPC Broadband Loan Receivable during the first quarter of 2015. 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 (in millions):

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	pro forma		pro forma	
Cross-currency and interest rate derivative contracts (a)	€ (56.5)	€ 13.4	€ 167.8	€ (196.9)
Foreign currency forward contracts.....	—	(2.8)	(7.0)	2.2
Total	€ (56.5)	€ 10.6	€ 160.8	€ (194.7)

- (a) The loss during the 2015 three-month period is primarily attributable to the net effect of (i) losses associated with decreases in market interest rates in the euro market, (ii) gains associated with decreases in market rates in the U.S dollar market and (iii) losses associated with an increase in the value of the euro relative to the U.S. dollar. The gain during the 2015 nine-month period is primarily attributable to (a) gains associated with a decrease in the value of the euro relative to the U.S. dollar and (b) gains associated with increases in market interest rates in the euro market. In addition, the gain (loss) during

the 2015 periods include net gains of €7.4 million and €3.0 million during the three and nine months ended September 30, 2015, respectively, resulting from changes in our credit risk valuation adjustments. The gain during the 2014 three-month period is primarily attributable to the net effect of (1) gains associated with a decrease in the value of the euro relative to the U.S. dollar and (2) losses associated with decreases in market interest rates in the euro market. The loss during the 2014 nine-month period is primarily attributable to the net effect of (I) losses associated with decreases in market interest rates in the euro market and (II) 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 gains (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 our functional currency. 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 gains (losses), net, are as follows (in millions):

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	pro forma		pro forma	
U.S dollar denominated debt issued by our company	€ 6.4	€ (141.0)	€ (163.3)	€ (155.4)
Cash and restricted cash denominated in a currency other than our functional currency	(0.1)	(0.7)	6.1	4.3
Other	—	(1.3)	(2.5)	(1.4)
Total	€ 6.3	€ (143.0)	€ (159.7)	€ (152.5)

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 nine months ended September 30, 2015 and 2014, respectively. The loss during the nine months ended September 30, 2014 is related to a refinancing transaction that was completed during the first quarter of 2014 in anticipation of the Ziggo Acquisition.

Income tax benefit

We recognized income tax benefits of €37.2 million and €29.7 million during the three months ended September 30, 2015 and 2014, respectively, and €93.5 million and €84.6 million during the nine months ended September 30, 2015 and 2014, respectively.

The income tax benefits during the three months ended September 30, 2015 and 2014 differ from the expected income tax benefits of €34.5 million and €23.1 million, respectively, (based on the Dutch 25.0% income tax rate) primarily due to the tax benefits associated with technology innovation.

The income tax benefits during the nine months ended September 30, 2015 and 2014 differs from the expected income tax benefits of €79.2 million and €73.5 million, respectively, (based on the Dutch 25.0% income tax rate) primarily due to the tax benefits associated with technology innovation.

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

Net loss

During the three months ended September 30, 2015 and 2014, we reported net losses of €100.7 million and €62.5 million, respectively, including (i) operating income of €40.3 million and €81.2 million, respectively, (ii) net non-operating expenses of €178.2 million and €173.4 million, respectively, and (iii) income tax benefits of €37.2 million and €29.7 million, respectively.

During the nine months ended September 30, 2015 and 2014, we reported net losses of €223.4 million and €209.3 million, respectively, including (i) operating income of €82.0 million and €235.4 million, respectively, (ii) net non-operating expenses of €398.9 million and €529.3 million, respectively, and (iii) income tax benefits of €93.5 million and €84.6 million, respectively.

Gains or losses associated with (i) changes in the fair values of derivative instruments, (ii) movements in foreign currency exchange rates and (iii) the disposition of assets 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 operations is largely dependent on our ability to increase our aggregate Adjusted Segment OIBDA to a level that more than offsets the aggregate amount of our (a) share-based compensation expense, (b) related-party fees and allocations, (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 continue to cause our company to maintain our debt at current levels relative to our Covenant EBITDA. 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 pro forma results of operations data, see the above discussion.

Net loss attributable to noncontrolling interests

The net loss attributable to noncontrolling interests during the three and nine months ended September 30, 2014 is attributable to our consolidation of UMI. For additional information regarding the deconsolidation of UMI effective January 1, 2015, see note 1 to our condensed consolidated financial statements.

Material Changes in Financial Condition

Sources and Uses of Cash

As a holding company, Ziggo Group Holding's primary assets are its investments in consolidated subsidiaries. The terms of the instruments governing the indebtedness of certain of these subsidiaries may restrict our ability to access the assets of these subsidiaries. At September 30, 2015, substantially all of our €12.0 million of consolidated cash was held by our subsidiaries. The ability to access the liquidity of our subsidiaries may be limited by tax and legal considerations and other factors.

Liquidity of Ziggo Group Holding

Our sources of liquidity at the parent level include (i) funding from Liberty Global or other Liberty Global subsidiaries in the form of loans or contributions, as applicable, and (ii) subject to the restrictions noted above, proceeds in the form of distributions or loans from our subsidiaries. For information regarding limitations imposed by our subsidiaries' debt instruments, see note 8 to our condensed consolidated financial statements.

Ziggo Group Holding's corporate liquidity requirements include corporate general and administrative expenses. From time to time, Ziggo Group Holding may also require cash in connection with (i) the repayment of Ziggo Group Holding's related-party debt, (ii) the funding of loans or distributions to Liberty Global Europe (and ultimately to Liberty Global and other Liberty Global subsidiaries), (iii) the satisfaction of contingent liabilities, (iv) acquisitions and other investment opportunities or (v) income tax payments. No assurance can be given that funding from Liberty Global Europe (and ultimately from Liberty Global subsidiaries or Liberty Global), our subsidiaries or external sources would be available on favorable terms, or at all.

Liquidity of our Subsidiaries

In addition to cash and cash equivalents, the primary sources of liquidity of our operating subsidiaries are cash provided by operations and, in the case of Ziggo B.V. and certain of its subsidiaries, any borrowing availability under the Ziggo Revolving Facilities. For details of the borrowing availability under the Ziggo Revolving Facilities, see note 8 to our condensed consolidated financial statements.

The liquidity of our operating subsidiaries generally is used to fund property and equipment additions, debt service requirements and other liquidity requirements that may arise from time to time. For additional information regarding our condensed consolidated cash flows, see the discussion under *Condensed Consolidated Statements of Cash Flows* below. Our subsidiaries may also require funding in connection with (i) the repayment of amounts due under the third-party and related-party debt instruments of our subsidiaries, (ii) acquisitions and other investment opportunities or (iii) distributions or loans to Ziggo Group Holding (and ultimately to Liberty Global subsidiaries or Liberty Global).

Capitalization

At September 30, 2015, our outstanding consolidated third-party debt and capital lease obligations aggregated €7,247.4 million, including €59.8 million that is classified as current in our condensed consolidated balance sheet and €7,163.3 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 September 30, 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.

All of our consolidated debt and capital lease obligations at September 30, 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 amounts as presented in our condensed consolidated statements of cash flows. Due to the timing of the Ziggo Acquisition, the cash flows of Ziggo Holding are included in the cash flows for the 2015 period and excluded from the cash flows for the 2014 period.

Summary. The condensed consolidated statements of cash flows for the nine months ended September 30, 2015 and 2014 are summarized as follows:

	Nine months ended September 30,		Change
	2015	2014 (a) in millions	
Net cash provided by operating activities	€ 771.1	€ 317.5	€ 453.6
Net cash used by investing activities	(217.5)	(348.4)	130.9
Net cash provided (used) by financing activities	(570.2)	42.4	(612.6)
Effect of exchange rate changes on cash	(3.1)	—	(3.1)
Net increase (decrease) in cash	<u>€ (19.7)</u>	<u>€ 11.5</u>	<u>€ (31.2)</u>

(a) As retrospectively revised – see note 1 to our condensed consolidated financial statements.

Operating Activities. The increase in net cash provided by our operating activities is primarily attributable to the net effect of (i) an increase in the cash provided by our Adjusted Segment OIBDA and related working capital changes, primarily due to the impact of the Ziggo Acquisition, (ii) a decrease in cash provided due to higher cash payments for interest and (iii) a decrease in cash provided due to higher cash payments related to derivative instruments.

Investing Activities. The decrease in net cash used by our investing activities is primarily attributable to the net effect of (i) a decrease in cash used of €337.0 million associated with lower net receipts from related parties and (ii) an increase in cash used of €198.8 million due to higher capital expenditures, primarily due to the impact of the Ziggo Acquisition.

The capital expenditures that we report in our condensed consolidated statements of cash flows do not include amounts that our company has financed under capital-related 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 (i) our capital expenditures as reported in our condensed consolidated statements of cash flows, which exclude amounts financed under capital-related vendor financing or capital lease arrangements, and (ii) our total property and equipment additions, which include our capital expenditures on an accrual basis and amounts financed under capital-related vendor financing or capital lease arrangements. For further details regarding our property and equipment additions and our debt, 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:

	Nine months ended September 30,	
	2015	2014
	in millions	
Property and equipment additions.....	€ 343.7	€ 106.0
Assets acquired under capital-related vendor financing arrangements.....	(46.2)	(10.3)
Assets acquired under capital leases	(2.8)	(3.1)
Changes in current liabilities related to capital expenditures (including related-party amounts).....	6.2	9.5
Capital expenditures	<u>€ 300.9</u>	<u>€ 102.1</u>

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

Financing Activities. The change in net cash provided (used) by our financing activities is primarily attributable to the net effect of (i) a decrease in cash of €1,258.9 million associated with higher net related-party payments, (ii) an increase in cash of €818.2 million due to higher net borrowings of third-party debt, (iii) a decrease in cash of €125.9 million due to the additional purchase of Ziggo Holding shares through the Statutory Squeeze-out and (iv) a decrease in cash of €21.9 million due to higher cash payments related to derivative instruments.

Contractual Commitments

The following table sets forth the euro equivalents of our commitments as of September 30, 2015:

	Payments due during:							Total
	Remainder of 2015	2016	2017	2018	2019	2020	Thereafter	
	in millions							
Debt (excluding interest):								
Third-party.....	€ 0.4	€ 59.5	€ —	€ —	€ —	€ 71.7	€ 7,091.6	€ 7,223.2
Related-party	—	—	—	—	—	—	3,435.7	3,435.7
Capital leases (excluding interest).....	0.7	3.9	2.1	0.8	0.2	—	—	7.7
Programming commitments...	23.6	72.5	41.2	18.7	9.3	—	—	165.3
Operating leases	6.0	20.9	17.7	13.9	8.6	6.0	10.2	83.3
Purchase commitments	7.1	17.1	2.0	0.3	—	—	—	26.5
Network and connectivity commitments	3.1	5.0	2.4	—	—	—	—	10.5
Other commitments.....	17.2	52.7	7.6	2.5	2.5	2.5	3.7	88.7
Total (a)	<u>€ 58.1</u>	<u>€ 231.6</u>	<u>€ 73.0</u>	<u>€ 36.2</u>	<u>€ 20.6</u>	<u>€ 80.2</u>	<u>€ 10,541.2</u>	<u>€ 11,040.9</u>
Projected cash interest payments on third-party debt and capital lease obligations (b)	<u>€ 75.9</u>	<u>€ 314.2</u>	<u>€ 312.5</u>	<u>€ 312.8</u>	<u>€ 312.6</u>	<u>€ 308.7</u>	<u>€ 731.9</u>	<u>€ 2,368.6</u>

- (a) The commitments included in this table do not reflect any liabilities that are included in our September 30, 2015 condensed consolidated balance sheet other than debt and capital lease obligations.

- (b) Amounts are based on interest rates, interest payment dates and contractual maturities in effect as of September 30, 2015. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments required in future periods. In addition, the amounts presented do not include the impact of our interest rate derivative contracts, deferred financing costs or original issue premiums or discounts. Amounts associated with related-party debt are excluded from the table.

Programming commitments consist of obligations associated with certain of our programming contracts that are enforceable and legally binding on us as 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. Historically, payments to programming vendors have represented a significant portion of our operating costs, and we expect that this will continue to be the case in future periods. In this regard, during the nine months ended September 30, 2015 and 2014, third-party programming and copyright costs incurred by our operations aggregated €205.5 million and €83.6 million, respectively.

Purchase commitments include unconditional and legally-binding obligations related to the purchase of customer premises and other equipment, including €3.9 million associated with related-party purchase obligations.

Network and connectivity commitments include commitments associated with (i) fiber leasing and (ii) commitments associated with our MVNO agreement. The amounts reflected in the above table with respect to our MVNO commitments represent fixed minimum amounts payable under this agreement and, therefore, may be significantly less than the actual amounts we ultimately pay in these periods.

Other commitments primarily include sponsorships and 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) multiemployer benefit plans, 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 nine months ended September 30, 2015, see note 5 to our condensed consolidated financial statements.

Projected Cash Flows Associated with Derivative Instruments

The following table provides information regarding the projected cash flows associated with our derivative instruments. The euro equivalents presented below are based on interest rates and exchange rates that were in effect as of September 30, 2015. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments required in future periods. For additional information regarding our derivative instruments, including our counterparty credit risk, see note 5 to our condensed consolidated financial statements.

	Payments (receipts) due during:							Total
	Remainder of 2015	2016	2017	2018	2019	2020	Thereafter	
	in millions							
Projected derivative cash payments (receipts), net:								
Interest-related (a)	€ 14.7	€ 75.9	€ 63.2	€ 63.1	€ 63.1	€ 63.3	€ 72.6	€ 415.9
Principal-related (b).....	—	—	—	—	—	—	(393.3)	(393.3)
Total	€ 14.7	€ 75.9	€ 63.2	€ 63.1	€ 63.1	€ 63.3	€ (320.7)	€ 22.6

(a) Includes the interest-related cash flows of our cross-currency and interest rate swap contracts.

(b) Includes the principal-related cash flows of our cross-currency contracts.