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LISTING PARTICULARS
DATED MARCH 23, 2015

NOT FOR GENERAL DISTRIBUTION
IN THE UNITED STATES

€700,000,000 3 ¾% Senior Notes due 2027
issued by
Unitymedia KabelBW GmbH

Unitymedia KabelBW GmbH (the "**Issuer**") offered €700,000,000 aggregate principal amount of its 3 ¾% Senior Notes due 2027 (the "**Notes**"). The Notes bear interest at a rate of 3.750% per annum. Interest on the Notes is payable semi-annually on each January 15 and July 15, beginning on January 15, 2016. The Notes mature on January 15, 2027.

Some or all of the Notes may be redeemed at any time prior to January 15, 2021 at a redemption price equal to 100% of the principal amount of the Notes redeemed plus accrued and unpaid interest to the redemption date and a "make-whole" premium, as described in these Listing Particulars (the "**Listing Particulars**"). The Notes may be redeemed at any time on or after January 15, 2021 at the redemption prices set forth in these Listing Particulars. At any time prior to January 15, 2018, we may redeem up to 40% of the principal amount of the Notes (including Additional Notes, if any) with the net proceeds of one or more specified equity offerings at the redemption prices set forth in these Listing Particulars. Further, the Issuer may redeem all, but not less than all, of the Notes at a price equal to their principal amount plus accrued and unpaid interest upon the occurrence of certain changes in tax law. If the Issuer or certain of its subsidiaries sell certain of their assets or experience specific kinds of changes in control, the Issuer must offer to repurchase the Notes. See "*Description of the Notes*" for more information.

The Notes are senior obligations of the Issuer and rank equally in right of payment with all existing and future indebtedness of the Issuer that is not subordinated in right of payment to the Notes, including the Existing Senior Notes (as defined herein), and will be senior in right of payment to all existing and future indebtedness of the Issuer that is subordinated in right of payment to the Notes. The Notes are guaranteed (the "**Subsidiary Guarantees**") on a senior subordinated basis by Unitymedia Hessen GmbH & Co. KG ("**Unitymedia Hessen**"), Unitymedia Hessen Verwaltung GmbH ("**Unitymedia Verwaltung**"), Unitymedia NRW GmbH ("**Unitymedia NRW**"), Unitymedia Management GmbH ("**Unitymedia Management**"), UPC Germany NewCo GmbH ("**UPC Germany NewCo**") and Kabel BW GmbH ("**KBW**") (collectively, the "**Guarantors**"). The Subsidiary Guarantees will be senior subordinated obligations of the Guarantors and rank equally with all other existing and future senior subordinated indebtedness of each Guarantor, including the guarantees of the Existing Senior Notes, and will be effectively subordinated to all existing and future senior indebtedness of the Guarantors, including the Unitymedia KabelBW Revolving Credit Facilities, the Existing Senior Secured Notes (in each case, as defined herein) and certain hedging obligations. The Notes and the Subsidiary Guarantees are also structurally subordinated to any existing and future indebtedness of the Issuer's subsidiaries that do not guarantee the Notes.

By no later than December 31, 2015 (such grant date, the "**Collateral Grant Date**"), the Notes will be secured by the same property and assets that secure the Existing Senior Notes (as defined herein) (the "**Collateral**"). The Collateral will consist of (i) a pledge (the "**Issuer Share Pledge**") over the capital stock of the Issuer which, after giving effect to the Holdco Intercreditor Agreement (as defined herein) and the Refinancing (as defined herein), will contractually rank equally and ratably with the Existing Senior Notes, and (ii) certain junior ranking pledges over the capital stock of Unitymedia Hessen, Unitymedia Verwaltung and Unitymedia Management. The Collateral will also consist of, initially, a pledge over claims under certain domination and/or profit and loss absorption agreements by Unitymedia Management, Unitymedia NRW and Unitymedia Verwaltung (the "**Additional Collateral**"), provided that the Additional Collateral is expected to be released at such time as all other liens on the Additional Collateral securing other indebtedness having equal or substantially equal lien priority to the Notes and the Subsidiary Guarantees, as the case may be (taking into account the Group Intercreditor Agreement (as defined herein)), are simultaneously released in accordance with the terms of such indebtedness. Prior to the Collateral Grant Date, the Notes are unsecured. Pursuant to the Group Intercreditor Agreement, the proceeds from any enforcement of Collateral provided by the Guarantors will be applied to repay indebtedness outstanding under the Unitymedia KabelBW Revolving Credit Facilities, the Existing Senior Secured Notes, certain hedging obligations and certain other future senior secured indebtedness of the Guarantors in priority to the Notes and the Existing Senior Notes. See "*Summary — Summary of the Notes — Ranking of the Notes*" beginning on page 13, "*Summary — Summary of the Notes — Ranking of the Subsidiary Guarantees*" beginning on page 14 and "*Summary — Summary of the Notes — Security and Intercreditor Agreements*" beginning on page 14.

The Initial Purchasers (as defined herein), concurrently with the issuance of the Notes on the Issue Date (as defined below), deposited the gross proceeds of the offering of the Notes (the "**Escrowed Proceeds**") into one or more escrow accounts (the "**Escrow Accounts**"), each in the name of the Trustee, on behalf of the holders of the Notes, pursuant to the escrow agreement (the "**Escrow Agreement**") entered into on the Issue Date between the Issuer, the Trustee and the Escrow Agent. The Escrow Agent (as defined herein) shall release the Escrowed Proceeds upon the satisfaction of certain conditions precedent, as further set out in the Escrow Agreement. If the conditions to the release of the Escrowed Proceeds have not been satisfied on or prior to April 15, 2015, the Notes are subject to a special mandatory redemption at a redemption price equal to 100% of the aggregate initial issue price of the Notes plus accrued and unpaid interest from the Issue Date to such special mandatory redemption date and additional amounts, if any. See "*Description of the Notes — Escrow of Proceeds; Special Mandatory Redemption*".

These Listing Particulars include additional information on the terms of the Notes, including redemption and repurchase prices, covenants and transfer restrictions.

See "*Risk Factors*" beginning on page 19 for a discussion of certain risks that you should consider in connection with an investment in any of the Notes.

Neither the Notes nor the Subsidiary Guarantees have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any other jurisdiction. The Issuer offered the Notes only to qualified institutional buyers in accordance with Rule 144A under the U.S. Securities Act and to non-U.S. persons outside the United States in compliance with Regulation S under the U.S. Securities Act. For a description of certain restrictions on the transfer of the Notes see "*Plan of Distribution*" and "*Transfer Restrictions*".

The Notes are in registered form in denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Notes are represented on issue by one or more global notes, which were delivered through Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream**"), as applicable. Interests in the global notes are exchangeable for definitive Notes only in certain limited circumstances. See "*Book-Entry, Delivery and Form of Notes*". Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to listing on the Official List of the Luxembourg Stock Exchange and trading on the Euro MTF Market, which is not a regulated market (pursuant to the provisions of Directive 2004/39/EC). These Listing Particulars constitute a Prospectus for the purpose of Luxembourg Law dated July 10th, 2005 on Prospectuses for Securities, as amended. These Listing Particulars shall only be used for the purposes for which they are published.

Issue price for the Notes: 100.000% plus accrued interest, if any, from the Issue Date

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Joint Bookrunners

Credit Suisse **Citigroup** **J.P. Morgan** **The Royal Bank of Scotland** **UBS Investment Bank**

You should rely only on the information contained in these Listing Particulars. Neither the Issuer nor any of the Initial Purchasers (as defined herein) has authorized anyone to provide you with different information. Neither the Issuer nor any of the Initial Purchasers is making an offer of the Notes in any jurisdiction where this offer is not permitted. You should not assume that the information contained in these Listing Particulars is accurate at any date other than the date on the front of these Listing Particulars.

TABLE OF CONTENTS

SUMMARY 1
RISK FACTORS 1
USE OF PROCEEDS 35
CAPITALIZATION OF UNITYMEDIA KABELBW 36
SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA OF UNITYMEDIA KABELBW 40
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF UNITYMEDIA KABELBW 43
BUSINESS OF UNITYMEDIA KABELBW 68
INDUSTRY OVERVIEW 82
REGULATORY 90
MANAGEMENT 95
OUR PRINCIPAL SHAREHOLDER 97
CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS OF UNITYMEDIA KABELBW 98
DESCRIPTION OF OTHER INDEBTEDNESS 103
DESCRIPTION OF THE NOTES 126
BOOK ENTRY, DELIVERY AND FORM OF NOTES 201
TRANSFER RESTRICTIONS 205
CERTAIN TAX CONSIDERATIONS 209
CERTAIN EMPLOYEE BENEFIT PLAN CONSIDERATIONS 217
PLAN OF DISTRIBUTION 219
LEGAL MATTERS 222
ENFORCEMENT OF JUDGMENTS 223
INDEPENDENT AUDITORS 225
LISTING AND GENERAL INFORMATION 226
GLOSSARY G-1
INDEX TO FINANCIAL INFORMATION F-1
ANNEXURE: UNITYMEDIA KABELBW REPORTS SELECTED FOURTH QUARTER 2014 RESULTS A-1

For certain legal and other information regarding the Issuer provided in connection with the listing of the Notes on the Official List of the Luxembourg Stock Exchange and trading on the Euro MTF Market, please refer to "*Listing and General Information*".

We have not authorized any dealer, salesperson or other person to give any information or represent anything to you other than the information contained in these Listing Particulars. You must not rely on unauthorized information or representations.

These Listing Particulars does not offer to sell or ask for offers to buy any of the securities in any jurisdiction where it is unlawful, where the person making the offer is not qualified to do so, or to any person who cannot legally be offered the securities.

The information in these Listing Particulars is current only as of the date on the cover page, and may change after that date. For any time after the cover date of these Listing Particulars, we do not represent that our affairs are the same as described or that the information in these Listing Particulars is correct, nor do we imply those things by delivering these Listing Particulars or selling securities to you.

The Issuer and the Initial Purchasers are offering to sell the Notes only in places where offers and sales are permitted.

The Issuer offered the Notes in reliance on exemptions from the registration requirements of the U.S. Securities Act. These exemptions apply to offers and sales of securities that do not involve a public offering. Neither the Notes nor the Subsidiary Guarantees have been registered with, recommended by or approved by the U.S. Securities and Exchange Commission (the "**SEC**") or any other securities commission or regulatory authority, nor has the SEC or any such securities commission or authority passed upon the accuracy or adequacy of these Listing Particulars. Any representation to the contrary is a criminal offense in the United States.

These Listing Particulars are being provided for informational use solely in connection with consideration of a purchase of the Notes (i) to U.S. investors that the Issuer reasonably believes to be qualified institutional buyers as defined in Rule 144A under the U.S. Securities Act, and (ii) to certain persons in offshore transactions complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act. Its use for any other purpose is not authorized.

These Listing Particulars are for distribution only to persons who (i) are investment professionals, as such term is defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "**Financial Promotion Order**"), (ii) are persons falling within Article 49(2)(a) to (d) ("**high net worth companies, unincorporated associations, etc.**") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 ("**FSMA**")) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "**relevant persons**"). These Listing Particulars are directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which these Listing Particulars relate is available only to relevant persons and will be engaged in only with relevant persons.

These Listing Particulars have been prepared on the basis that all offers of the Notes are made pursuant to an exemption under Article 3 of Directive 2003/71/EC (the "**Prospectus Directive**"), as implemented in member states of the European Economic Area (the "**EEA**"), from the requirement to produce a prospectus for offers of the Notes. Accordingly, any person making or intending to make any offer within the EEA of the Notes should only do so in circumstances in which no obligation arises for the Issuer or any of the Initial Purchasers to produce a prospectus for such offer. Neither the Issuer nor the Initial Purchasers have authorized, nor does any of them authorize, the making of any offer of the Notes through any financial intermediary, other than offers made by the Initial Purchasers which constitute the final placement of the Notes contemplated in these Listing Particulars.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act and all other applicable securities laws. See "*Transfer Restrictions*". You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

The Issuer has prepared these Listing Particulars solely for use in connection with this offering and for applying to the Luxembourg Stock Exchange for the Notes to be listed on its Official List and for trading on the Euro MTF Market of the Luxembourg Stock Exchange. In the United States, you may not distribute these Listing Particulars or make copies of them without the Issuer's prior written consent other than to people you have retained to advise you in connection with this offering.

You are not to construe the contents of these Listing Particulars as investment, legal or tax advice. You should consult your own counsel, accountant and other advisers as to legal, tax, business, financial and related aspects of a purchase of the Notes. You are responsible for making your own examination of the Issuer and its affiliates and your own assessment of the merits and risks of investing in the Notes. None of the Issuer or the Initial Purchasers is making any representation to you regarding the legality of an investment in the Notes by you.

The information contained in these Listing Particulars has been furnished by the Issuer and other sources the Issuer believes to be reliable. No representation or warranty, express or implied, is made by the Initial Purchasers as to the accuracy or completeness of any of the information set out in these Listing Particulars, and nothing contained in these Listing Particulars are or shall be relied upon as a promise or representation by the Initial Purchasers, whether as to the past or the future. These Listing Particulars contain summaries, believed to be accurate, of some of the terms of specified documents, but reference is made to the actual documents, copies of which will be made available by the Issuer upon request, for the complete information contained in those documents. Copies of such documents and other information relating to the issuance of the Notes is also available for inspection at the specified offices of the Principal Paying Agent (as defined in these Listing Particulars). All summaries of the documents contained herein are qualified in their entirety by this reference.

The Issuer accepts responsibility for the information contained in these Listing Particulars and have made all reasonable inquiries and confirmed to the best of their knowledge, information and belief that the information contained in these Listing Particulars with regard to the Issuer, each of its subsidiaries and affiliates, and the Notes is true and accurate in all material respects, that the opinions and intentions expressed in these Listing Particulars are honestly held, and we are not aware of any other facts the omission of which would make these Listing Particulars or any statement contained herein misleading in any material respect.

No person is authorized in connection with any offering made pursuant to these Listing Particulars to give any information or to make any representation not contained in these Listing Particulars, and, if given or made, any other information or representation must not be relied upon as having been authorized by the Issuer or the Initial Purchasers. The information contained in these Listing Particulars is current at the date hereof. Neither the delivery of these Listing Particulars at any time nor any subsequent commitment to enter into any financing shall, under any circumstances, create any implication that there has been no change in the information set out in these Listing Particulars or in the Issuer's affairs since the date of these Listing Particulars.

The Issuer reserves the right to withdraw this offering of Notes at any time, and the Issuer and the Initial Purchasers reserve the right to reject any commitment to subscribe for the Notes in whole or in part and to allot to you less than the full amount of Notes subscribed for by you.

The distribution of these Listing Particulars and the offer and sale of the Notes may be restricted by law in some jurisdictions. Persons into whose possession these Listing Particulars or any of the Notes come must inform themselves about, and observe any restrictions on the transfer and exchange of the Notes. See "*Plan of Distribution*" and "*Transfer Restrictions*".

These Listing Particulars does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. You must comply with all laws that apply to you in any place in which you buy, offer or sell any Notes or possess these Listing Particulars. You must also obtain any consents or approvals that you need in order to purchase any Notes. None of the Issuer or the Initial Purchasers are responsible for your compliance with these legal requirements.

The Notes are subject to restrictions on resale and transfer as described under "*Plan of Distribution*" and "*Transfer Restrictions*". By purchasing any Notes, you will be deemed to have made certain acknowledgments, representations and agreements as described in those sections of these Listing Particulars. You may be required to bear the financial risks of investing in the Notes for an indefinite period of time.

STABILIZATION

IN CONNECTION WITH THIS OFFERING, CREDIT SUISSE SECURITIES (EUROPE) LIMITED (THE "**STABILIZING MANAGER**") (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

The Notes are initially available in book-entry form only. The Notes are represented on issue by one or more global notes, which were delivered through Euroclear and Clearstream (together, the "**Clearing Systems**" and each a "**Clearing System**"). Interests in the global notes are exchangeable for definitive notes only in certain limited circumstances. See "*Book Entry, Delivery and Form of Notes*".

OFFER RESTRICTIONS

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER RSA 421-B WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO U.S. INVESTORS

Each purchaser of Notes is deemed to have made the representations, warranties and acknowledgements that are described in these Listing Particulars under "*Transfer Restrictions*". Neither the Notes nor the Subsidiary Guarantees have been or will be registered under the U.S. Securities Act or the securities laws of any state of the United States. The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act or any other applicable securities laws, pursuant to registration or an exemption therefrom. Please refer to the section of these Listing Particulars entitled "*Transfer Restrictions*". The Notes may not be offered to the public within any jurisdiction. By accepting delivery of these Listing Particulars, you agree not to offer, sell, resell, transfer or deliver, directly or indirectly, any Note to the public.

NOTICE TO EUROPEAN ECONOMIC AREA INVESTORS

In relation to each member state of the EEA which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Initial Purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), it has not made and will not make an offer of Notes which are the subject of the offering contemplated by these Listing Particulars to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Initial Purchaser or Initial Purchasers nominated by the Issuer for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive; provided that no such offer of the Notes shall require the publication by the Issuer or any Initial Purchaser of a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospective Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any of the Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/33/EU), and includes any relevant implementing measure in the Relevant Member State.

Each subscriber for or purchaser of the Notes in the offering located within a Relevant Member State will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive. The Issuer, the Initial Purchasers and their affiliates, and others will rely upon the trust and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Initial Purchasers of such fact in writing may, with the consent of the Initial Purchasers, be permitted to subscribe for or purchase the Notes in the offering.

NOTICE TO CERTAIN EUROPEAN INVESTORS

Austria These Listing Particulars have not been or will not be approved and/or published pursuant to the Austrian Capital Markets Act (*Kapitalmarktgesetz*) as amended. Neither these Listing Particulars nor any other document connected therewith constitutes a prospectus according to the Austrian Capital Markets Act and neither these Listing Particulars nor any other document connected therewith may be distributed, passed on or disclosed to any other person in Austria. No steps may be taken that would constitute a public offering of the Notes in Austria and the offering of the Notes may not be advertised in Austria. Any offer of the Notes in Austria will only be made in compliance with the provisions of the Austrian Capital Markets Act and all other laws and regulations in Austria applicable to the offer and sale of the Notes in Austria.

Germany The Notes may be offered and sold in Germany only in compliance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*) as amended, the Commission Regulation (EC) No 809/2004 of April 29, 2004 as amended, or any other laws applicable in Germany governing the issue, offering and sale of securities. These Listing Particulars have not been approved under the German Securities Prospectus Act (*Wertpapierprospektgesetz*) or the Prospectus Directive and accordingly the Notes may not be offered publicly in Germany.

France These Listing Particulars have not been prepared in the context of a public offering in France within the meaning of Article L. 411-1 of the *Code Monétaire et Financier* and Title I of Book II of the *Règlement Général of the Autorité des marchés financiers* (the "**AMF**") and therefore have not been submitted for clearance to the AMF. Consequently, the Notes may not be, directly or indirectly, offered or sold to the public in France, and offers and sales of the Notes will only be made in France to providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour le compte de tiers*) and/or to qualified investors (*investisseurs qualifiés*) and/or to a closed circle of investors (*cercle restreint d'investisseurs*) acting for their own accounts, as defined in and in accordance with Articles L. 411-2 and D. 411-1 of the *Code Monétaire et Financier*. Neither these Listing Particulars nor any other offering material may be distributed to the public in France.

Italy None of these Listing Particulars or any other documents or materials relating to the Notes have been or will be submitted to the clearance procedure of the Commissione Nazionale per le Società e la Borsa ("**CONSOB**"). Therefore, the Notes may only be offered or sold in the Republic of Italy ("**Italy**") pursuant to an exemption under article 101-bis, paragraph 3-bis of the Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and article 35-bis, paragraph 3, of CONSOB Regulation No. 11971 of 14 May 1999, as amended. Accordingly, the Notes are not addressed to, and neither these Listing Particulars nor any other documents, materials or information relating, directly or indirectly, to the Notes can be distributed or otherwise made available (either directly or indirectly) to any person in Italy other than to qualified investors (*investitori qualificati*) pursuant to article 34-ter, paragraph 1, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, acting on their own account.

Grand Duchy of Luxembourg These Listing Particulars have not been approved by and will not be submitted for approval to the Luxembourg Supervision Commission of the Financial Sector (*Commission de*

Surveillance du Secteur Financier) for purposes of a public offering or sale in Luxembourg. Accordingly, the Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither these Listing Particulars nor any other circular, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in or from, or published in, Luxembourg except for the sole purpose of the admission to trading and listing of the Notes on the Official List of the Luxembourg Stock Exchange and except in circumstances which do not constitute a public offer of securities to the public, subject to prospectus requirements, in accordance with the Luxembourg Act of July 10, 2005 on prospectuses for securities, as amended (the "**Prospectus Act**") and implementing the Prospectus Directive. Consequently, these Listing Particulars and any other offering circular, prospectus, form of application, advertisement or other material may only be distributed to (i) Luxembourg qualified investors as defined in the Prospectus Act and (ii) no more than 149 prospective investors, which are not qualified investors.

The Netherlands The Notes (including rights representing an interest in each global note that represents the Notes) may not be offered or sold to individuals or legal entities in The Netherlands unless a prospectus relating to the offer is available to the public which is approved by the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*) or by a supervisory authority of another member state of the European Union (the "**EU**"). Article 5:3 Financial Supervision Act (the "**FSA**") and article 53 paragraph 2 and 3 Exemption Regulation FSA provide for several exceptions to the obligation to make a prospectus available such as an offer to qualified investors within the meaning of article 5:3 FSA.

Spain The Notes have not been registered with the Comisión Nacional del Mercado de Valores and therefore the Notes may not be offered, sold or distributed in Spain by any means, except in circumstances which do not qualify as a public offer of securities in Spain in accordance with article 30 bis of the Securities Market Act ("*Ley 24/1988, de 28 de julio del Mercado de Valores*") as amended and restated, or pursuant to an exemption from registration in accordance with article 41 of the Royal Decree 1310/2005 ("*Real Decreto 1310/2005, de 4 de noviembre por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*").

Switzerland The Notes offered hereby are being offered in Switzerland on the basis of a private placement only. These Listing Particulars do not constitute a prospectus within the meaning of Art. 652A of the Swiss Federal Code of Obligations.

United Kingdom. These Listing Particulars are for distribution only to, and is only directed at, persons who (i) are investment professionals, as such term is defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "**relevant persons**"). These Listing Particulars are directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on these Listing Particulars or any of its contents.

CURRENCY PRESENTATION AND DEFINITIONS

In these Listing Particulars, all references to "euro," "Euro" or "€" are to the single currency of the participating member states ("**Member States**") of the EU participation in the third stage of economic and monetary union pursuant to the Treaty on the Functioning of the EU, as amended or supplemented from time to time; and all references to "U.S. dollars," "US$" and "$" are to the lawful currency of the United States of America.

Definitions

As used in these Listing Particulars:

"2009 UM Dollar Senior Secured Notes" refers to Unitymedia Hessen's and Unitymedia NRW's $845 million aggregate principal amount of 8 1/8% Senior Secured Notes due 2017, all of which have been repurchased or redeemed and cancelled pursuant to the December 2012 Refinancing;

"2009 UM Euro Senior Secured Notes" refers to Unitymedia Hessen's and Unitymedia NRW's €1,430 million aggregate principal amount of 8 1/8% Senior Secured Notes due 2017, all of which have been repurchased or redeemed and cancelled pursuant to the November 2013 Refinancing;

"2009 UM Senior Notes" refers to the Issuer's €665 million aggregate principal amount of 9 5/8% Senior Notes due 2019, all of which have been redeemed pursuant to the November 2014 Financing Transactions;

"2009 UM Senior Secured Notes" collectively refers to the 2009 UM Euro Senior Secured Notes and the 2009 UM Dollar Senior Secured Notes;

"2009 Unitymedia Revolving Credit Facility" has the meaning ascribed to it under "*Description of Other Indebtedness — Group Intercreditor Agreement*";

"2012 Reorganization" refers to an internal reorganization that was effected through a series of mergers and consolidations whereby (i) the obligations of KBW Musketeer under the KBW Senior Notes were assumed by UPC Germany HC1 on March 27, 2012 and (ii) Kabel BW and KBW Musketeer were merged into UPC Germany HC2 and UPC Germany HC2 was subsequently merged into KBW. The mergers were effective upon registration on March 29, 2012 and March 30, 2012, respectively;

"2012 Shareholder Loan" has the meaning ascribed to it under "*Certain Relationships and Related-Party Transactions of Unitymedia KabelBW — 2012 Shareholder Loan Payable to UPC Germany*";

"2014 UM Senior Notes" refers to the Unitymedia's $900 million aggregate principal amount of 6 1/8% Senior Notes due 2025;

"April 2013 Unitymedia KabelBW Senior Secured Notes" refers to Unitymedia Hessen's and Unitymedia NRW's €350 million aggregate principal amount of 5 5/8% Senior Secured Notes due 2023;

"Collateral" has the meaning ascribed to it under "*Summary — Summary of the Notes — Security and Intercreditor Agreements*";

"December 2014 RCF Prepayment" has the meaning ascribed to it under "*Summary — Recent Developments — December 2014 Financing Transactions*";

"December 2012 Refinancing" refers to Unitymedia Hessen's and Unitymedia NRW's repurchase and/or redemption of all of the 2009 UM Dollar Senior Secured Notes and €524 million aggregate principal amount of the 2009 UM Euro Senior Secured Notes;

"December 2012 Unitymedia KabelBW Dollar Senior Secured Notes" refers to Unitymedia Hessen's and Unitymedia NRW's $1 billion aggregate principal amount of 5 1/2% Senior Secured Notes due 2023;

"December 2012 Unitymedia KabelBW Euro Senior Secured Notes" refers to Unitymedia Hessen's and Unitymedia NRW's €500 million aggregate principal amount of 5 3/4% Senior Secured Notes due 2023;

"December 2012 Unitymedia KabelBW Senior Secured Notes" refers collectively to the December 2012 Unitymedia KabelBW Dollar Senior Secured Notes and the December 2012 Unitymedia KabelBW Euro Senior Secured Notes;

"December 2014 Financing Transactions" refers to the issuance of the December 2014 Unitymedia KabelBW Senior Secured Notes and the December 2014 Refinancing;

"December 2014 Redemption" has the meaning ascribed to it under "*Summary — Recent Developments — December 2014 Financing Transactions*";

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"December 2014 Refinancing" has the meaning ascribed thereto under "*Summary — Recent Developments — December 2014 Financing Transactions*";

"December 2014 Unitymedia KabelBW Dollar Senior Secured Notes" refers to Unitymedia Hessen's and Unitymedia NRW's $550 million aggregate principal amount of 5% Senior Secured Notes due 2025;

"December 2014 Unitymedia KabelBW Euro Senior Secured Notes" refers to Unitymedia Hessen's and Unitymedia NRW's €1 billion aggregate principal amount of 4% Senior Secured Notes due 2025;

"December 2014 Unitymedia KabelBW Senior Secured Notes" collectively refers to the December 2014 Unitymedia KabelBW Dollar Senior Secured Notes and the December 2014 Unitymedia KabelBW Euro Senior Secured Notes;

"Deutsche Telekom" refers to Deutsche Telekom AG;

"Escrow Accounts" collectively refers to one or more segregated escrow accounts into which the gross proceeds of the offering of the Notes were deposited on the Issue Date;

"Escrow Agent" refers to The Bank of New York Mellon, London Branch, acting in its capacity as escrow agent under the Escrow Agreement;

"Escrow Agreement" refers to the escrow agreement entered into on the Issue Date, between the Issuer, the Trustee and the Escrow Agent in connection with the funding of the proceeds of the Notes into escrow accounts as described in "*Summary — Brief Description of the Escrow*";

"Escrowed Proceeds" refers to the gross proceeds of the offering of the Notes deposited in the Escrow Accounts on the Issue Date pursuant to the Escrow Agreement;

"Existing Notes" refers collectively to the Existing Senior Notes and the Existing Senior Secured Notes;

"Existing Senior Notes" refers to (i) prior to the completion of the Refinancing, collectively the 2014 UM Senior Notes and the Unitymedia KabelBW Senior Exchange Notes and (ii) following completion of the Refinancing, the 2014 UM Senior Notes, in each case as the context requires;

"Existing Senior Secured Notes" refers collectively to (i) prior to the issuance of the March 2015 Unitymedia KabelBW Senior Secured Notes, expected to occur on or around March 11, 2015, the September 2012 Unitymedia KabelBW Senior Secured Notes, the December 2012 Unitymedia KabelBW Senior Secured Notes, the January 2013 Unitymedia KabelBW Senior Secured Notes, the April 2013 Unitymedia KabelBW Senior Secured Notes, the November 2013 Unitymedia KabelBW Senior Secured Notes and the December 2014 Unitymedia KabelBW Senior Secured Notes and (ii) upon the issuance of the March 2015 Unitymedia KabelBW Senior Secured Notes, expected to occur on or around March 11, 2015, includes the March 2015 Unitymedia KabelBW Senior Secured Notes, in each case as the context requires;

"Group Intercreditor Agreement" refers to the intercreditor agreement dated November 20, 2009 (as amended from time to time) among, *inter alios*, UPC Germany Holding B.V., the Issuer and Credit Suisse AG, London Branch, as security agent;

"Guarantors" collectively refers to Unitymedia Hessen, Unitymedia Verwaltung, Unitymedia NRW, Unitymedia Management, UPC Germany NewCo and KBW;

"Holdco Intercreditor Agreement" refers to the intercreditor agreement dated as of December 17, 2014, among, inter alios, UPC Germany Holding B.V., Unitymedia KabelBW and Credit Suisse AG, London Branch, as security agent;

"Indenture" refers to the indenture to be dated on or about the Issue Date governing the Notes, by and among, inter alios, the Issuer, the Guarantors and the Trustee;

"Initial Purchasers" collectively refers to Credit Suisse Securities (Europe) Limited, Citigroup Global Markets Limited, J.P. Morgan Securities plc, The Royal Bank of Scotland plc and UBS Limited;

"Intercreditor Agreements" collectively refers to the Group Intercreditor Agreement and the Holdco Intercreditor Agreement;

"Issue Date" refers to March 16, 2015;

"Issuer" refers to Unitymedia KabelBW GmbH;

"January 2013 Unitymedia KabelBW Senior Secured Notes" refers to Unitymedia Hessen's and Unitymedia NRW's €500 million aggregate principal amount of 5 $^{1}/_{8}$% Senior Secured Notes due 2023;

"Kabel BW" refers to Kabel BW Erste Beteiligungs GmbH with or without its consolidated subsidiaries prior to consummation of the 2012 Reorganization, as the context requires, which was merged into UPC Germany HC2;

"Kabel BW Group" refers to UPC Germany Holdings (or its successor entity) and its consolidated subsidiaries subsequent to or prior to the consummation of the KBW Fold-in, as the context requires;

"KBW" refers to Kabel BW GmbH (formerly known as Kabel BW Holdings GmbH), with or without its consolidated subsidiaries and subsequent to and/or prior to the consummation of the Post-KBW Fold-in Reorganization, as the context requires;

"KBW Dollar Senior Secured Notes" refers to KBW's $500 million aggregate principal amount of 7 ½% Senior Notes due 2019, all of which have been cancelled on May 4, 2012 in connection with the KBW Fold-in;

"KBW Euro Senior Secured Notes" refers to KBW's €800 million aggregate principal amount of 7 ½% Senior Notes due 2019, all of which have been cancelled on May 4, 2012 in connection with the KBW Fold-in;

"KBW Fold-in" refers to certain reorganization, debt exchange and debt redemption transactions that were completed by Unitymedia KabelBW in May 2012, pursuant to which, among other items, UPC Germany Holdings GmbH, an indirect parent of KBW, became an indirect subsidiary of Unitymedia KabelBW;

"KBW Musketeer" refers to Kabel BW Musketeer GmbH, which was merged into UPC Germany HC2;

"KBW Musketeer Loan Facility" has the meaning ascribed to it under the definition of "March 2011 Kabel BW Refinancing";

"KBW Notes" refers collectively to the KBW Senior Secured Notes and the KBW Senior Notes, all of which have been cancelled on May 4, 2012 in connection with the KBW Fold-in;

"KBW Senior Notes" refers to UPC Germany HC1's €680 million aggregate principal amount of 9 ½% Senior Notes due 2021, all of which have been cancelled on May 4, 2012 in connection with the KBW Fold-in;

"KBW Senior Secured Fixed Rate Notes" refers to the KBW Euro Senior Secured Notes and the KBW Dollar Senior Secured Notes, all of which have been cancelled on May 4, 2012 in connection with the KBW Fold-in;

"KBW Senior Secured Floating Rate Notes" refers to KBW's €420 million aggregate principal amount of Senior Secured Floating Rate Notes due 2018, all of which have been cancelled on May 4, 2012 in connection with the KBW Fold-in;

"KBW Senior Secured Notes" refers collectively to the KBW Senior Secured Fixed Rate Notes and the KBW Senior Secured Floating Rate Notes, all of which have been cancelled on May 4, 2012 in connection with the KBW Fold-in;

"LG Europe" refers to Liberty Global Europe LLC, a subsidiary of Liberty Global, with or without its consolidated subsidiaries, as the context requires;

"LG/KBW Transaction" refers to the acquisition by UPC Germany HC2 of all of the outstanding shares of Kabel BW Musketeer GmbH on December 15, 2011;

"LG/Virgin Media Transaction" refers to a series of transactions including, without limitation, mergers and capital contributions involving Virgin Media Inc. and one or more direct or indirect subsidiaries of Liberty Global, Inc. that resulted in the surviving corporations in the mergers (renamed Liberty Global, Inc. and Virgin Media Inc.) becoming wholly owned subsidiaries of Liberty Global;

"LG/Unitymedia Transaction" refers to the acquisition by UPC Germany GmbH of Old Unitymedia on January 28, 2010;

"Liberty Global" refers to Liberty Global plc, with or without its consolidated subsidiaries, as the context requires;

"Liberty Global Europe" refers to Liberty Global Europe Holding B.V., a subsidiary of Liberty Global, with or without its consolidated subsidiaries, as the context requires;

"March 2011 Kabel BW Refinancing" refers collectively to the following transactions: On March 31, 2011, Kabel BW and Kabel Baden Wurttemberg GmbH and Co. KG issued the KBW Senior Secured Notes. The net proceeds from the issuance of the KBW Senior Secured Notes of €1,529.8 million, after deducting issuance costs of €45.6 million, were primarily used to repay bank loans of € 1,176.3 million (including €47.0 million of accrued interest related to a mezzanine facility agreement, of which €45.1 million was accrued

in periods prior to January 1, 2011) and to fund a loan by Kabel BW to KBW Musketeer (the "KBW Musketeer Loan Facility"). In connection with this refinancing transaction, Kabel BW (i) recognized a loss on extinguishment of debt of €12.5 million, representing the write-off of deferred financing costs, and (ii) paid €16.3 million to settle the interest rate swap contracts associated with the bank loans. On March 31, 2011, concurrent with the issuance of the KBW Senior Secured Notes, KBW Musketeer issued the KBW Senior Notes. KBW Musketeer used the combined net proceeds of €1.0 billion from the issuance of the KBW Senior Notes and from the KBW Musketeer Loan Facility to fund the partial repayment of its €1.1 billion note payable to Oskar Rakso;

"March 2015 SSN Financing Transactions" refers to the issuance of the March 2015 Unitymedia KabelBW Senior Secured Notes and the March 2015 SSN Refinancing;

"March 2015 RCF Prepayment" has the meaning ascribed thereto in "*Summary — Recent Developments — March 2015 SSN Financing Transactions*";

"March 2015 SSN Redemption" has the meaning ascribed thereto in "*Summary — Recent Developments — March 2015 SSN Financing Transactions*";

"March 2015 SSN Refinancing" has the meaning ascribed thereto in "*Summary — Recent Developments — March 2015 SSN Financing Transactions*";

"March 2015 Unitymedia KabelBW Senior Secured Notes" refers to Unitymedia Hessen's and Unitymedia NRW's €500 million aggregate principal amount of 3 ½% Senior Secured Notes due 2027, expected to be issued on or around March 11, 2015;

"Notes" refers to €700 million aggregate principal amount of 3 ¾% senior notes due 2027 offered hereby;

"November 2013 Unitymedia KabelBW Senior Secured Notes" refers to Unitymedia Hessen's and Unitymedia NRW's €475 million aggregate principal amount of 6 ¼% Senior Secured Notes due 2029;

"November 2013 Refinancing" refers to the Unitymedia Hessen's and Unitymedia NRW's redemption of €446 million aggregate principal amount of the 2009 UM Euro Senior Secured Notes;

"November 2014 Financing Transactions" has the meaning ascribed thereto in "*Summary — Recent Developments*";

"Offering Memorandum" refers to the offering memorandum dated March 2, 2015, pursuant to which the Issuer offered the Notes;

"Old Unitymedia" refers to the entity formerly known as Unitymedia GmbH, the entity acquired by UPC Germany GmbH as part of the LG/Unitymedia Transaction and subsequently merged into Unitymedia KabelBW in the Unitymedia Merger;

"Oskar Rakso" refers to Oskar Rakso S.à r.l., an indirect subsidiary of the EQT funds IV and V and prior to the LG/KBW Transaction, the parent company to the Kabel BW Group;

"Post-KBW Fold-in Reorganization" refers to the internal reorganization completed in September 2012, whereby (i) Unitymedia Hessen sold its shares in UPC Germany Holdings to UPC Germany NewCo; (ii) UPC Germany Holdings merged into UPC Germany NewCo; (iii) UPC Germany HC1 merged into KBW; and (iv) Kabel Baden-Wurttemberg Verwaltungs-GmbH merged into KBW;

"RCF Guarantors" has the meaning ascribed to it under "*Description of Other Indebtedness — Super Senior Revolving Credit Facility — Guarantees*";

"Refinancing" has the meaning ascribed to it under "*Summary — The Refinancing*";

"Security Trustee" refers to Credit Suisse, London Branch or an affiliate thereof as security trustee under the Indenture and the indentures governing the Existing Senior Secured Notes and the Existing Senior Notes, as the context may require;

"Senior Revolving Credit Facility" refers to the senior secured revolving credit facility under the Senior Revolving Credit Facilities Agreement;

"Senior Revolving Credit Facilities Agreement" has the meaning ascribed to it under "*Description of Other Indebtedness — Senior Revolving Credit Facility*";

"September 2012 Unitymedia KabelBW Senior Secured Notes" refers to Unitymedia Hessen's and Unitymedia NRW's €650 million aggregate principal amount of 5 ½% Senior Secured Notes due 2022;

"Sky Deutschland" refers to Sky Deutschland GmbH & Co. KG;

"Special Optional Redemptions" refers to the redemption of the KBW Notes that were not tendered in the Unitymedia Exchange, at a redemption price of 101%;

"Subsidiary Guarantees" collectively refers to the guarantees of the Notes on a senior basis by the Guarantors;

"Super Priority Debt" has the meaning ascribed to it under "*Description of Other Indebtedness — Order of Priority — Priority of Debts*".

"Super Priority Creditors" refers to creditors under the finance documents governing the Super Priority Debt.

"Super Senior Revolving Credit Facility" refers to the super senior secured revolving credit facility under the Super Senior Revolving Credit Facility Agreement;

"Super Senior Revolving Credit Facility Agreement" has the meaning ascribed to it under "*Description of Other Indebtedness — Super Senior Revolving Credit Facility*".

"Tele Columbus" or "Tele Columbus Group" refers to the cable network business of the group of companies controlled by Tele Columbus Kabel Holding GmbH, Hannover, the acquisition of which was completed on December 9, 2005;

"Trustee" refers to The Bank of New York Mellon, London Branch, as trustee under the Indenture;

"UM Dollar Senior Secured Exchange Notes" refers to the $459.3 million aggregate principal amount of 7 ½% senior secured notes issued by Unitymedia Hessen and Unitymedia NRW due 2019, all of which have been redeemed pursuant to the December 2014 Redemption;

"UM Euro Senior Secured Exchange Notes" refers to the €735.1 million aggregate principal amount of 7 ½% senior secured notes issued by Unitymedia Hessen and Unitymedia NRW due 2019, all of which have been redeemed pursuant to the December 2014 Redemption;

"UM Senior Secured Floating Rate Exchange Notes" refers to the €395.9 million aggregate principal amount of senior secured floating rate notes issued by Unitymedia Hessen and Unitymedia NRW due 2018 which were redeemed on October 9, 2012;

"UMI" refers to Unitymedia International GmbH, a special purpose entity in which Unitymedia KabelBW indirectly owns a 100% equity interest, and which is controlled and consolidated by UPC Holding B.V., another Liberty Global subsidiary;

"Unitymedia" or "Unitymedia KabelBW" refers to Unitymedia KabelBW GmbH (formerly Unitymedia GmbH and prior to that UPC Germany GmbH), a company organized under the laws of Germany, with or without its subsidiaries as the context requires;

"Unitymedia Consolidated Financial Statements" collectively refers to the Unitymedia KabelBW September 30, 2014 Condensed Consolidated Financial Statements, the Unitymedia KabelBW December 31, 2013 Consolidated Financial Statements, the Unitymedia KabelBW December 31, 2012 Consolidated Financial Statements and the Unitymedia December 31, 2011 Consolidated Financial Statements included in these Listing Particulars;

"Unitymedia December 31, 2011 Consolidated Financial Statements" refers to the consolidated financial statements of Unitymedia for the years ended December 31, 2011 and 2010 and the notes thereto, as audited by KPMG AG, included in these Listing Particulars;

"Unitymedia Exchange" refers to the May 2012 exchange of KBW Notes for Unitymedia KabelBW Exchange Notes;

"Unitymedia Group" refers to Unitymedia KabelBW and its consolidated subsidiaries exclusive of the Kabel BW Group;

"Unitymedia Hessen" refers to Unitymedia Hessen GmbH & Co. KG, formerly Hessen GmbH & Co. KG;

"Unitymedia KabelBW December 31, 2012 Consolidated Financial Statements" refers to the consolidated financial statements of Unitymedia for the years ended December 31, 2012 and 2011 and the notes thereto, as audited by KPMG AG, included in these Listing Particulars;

"Unitymedia KabelBW December 31, 2013 Consolidated Financial Statements" refers to the consolidated financial statements of Unitymedia KabelBW for the years ended December 31, 2013 and 2012 and the notes thereto, as audited by KPMG AG, included in these Listing Particulars;

"Unitymedia KabelBW Exchange Notes" collectively refers to the Unitymedia KabelBW Senior Exchange Notes and the Unitymedia KabelBW Senior Secured Exchange Notes;

"Unitymedia KabelBW Revolving Credit Facilities" collectively refers to the Senior Revolving Credit Facility and the Super Senior Revolving Credit Facility;

"Unitymedia KabelBW Senior Exchange Notes" refers to the €618.0 million aggregate principal amount of 9 ½% senior notes issued by Unitymedia KabelBW due 2021, the aggregate principal amount outstanding of which are expected to be redeemed in full pursuant to the Refinancing;

"Unitymedia KabelBW Senior Secured Exchange Notes" collectively refers to the UM Euro Senior Secured Exchange Notes and the UM Dollar Senior Secured Exchange Notes which were redeemed in full pursuant to the December 2014 Redemption;

"Unitymedia KabelBW September 30, 2014 Condensed Consolidated Financial Statements" refers to the unaudited condensed consolidated financial statements of Unitymedia KabelBW as of and for the three and nine months ended September 30, 2014 and the notes thereto included in these Listing Particulars;

"Unitymedia Merger" refers to the merger of Old Unitymedia into Unitymedia on September 16, 2010;

"Unitymedia NRW" refers to Unitymedia NRW GmbH, Cologne, formerly the group of companies controlled by Kabelnetz NRW HoldCo GmbH, which was renamed Unitymedia NRW GmbH on May 22, 2007 and which was acquired by Unitymedia Hessen on June 24, 2005;

"Unitymedia Services" refers to Unitymedia Services GmbH, Bochum, formerly Tele Columbus West Beteiligungs GmbH, which was acquired as part of the Tele Columbus Group and includes assets of the former Unitymedia Services GmbH & Co. KG, which was merged into Unitymedia Services GmbH by way of accretion (*Anwachsung*), effective as of August 22, 2008;

"UPC Germany" or "UPC Germany Holding" refers to UPC Germany Holding B.V., the immediate parent company of Unitymedia and, prior to the KBW Fold-in, UPC Germany Holdings;

"UPC Germany GmbH" refers to UPC Germany GmbH (which was renamed Unitymedia GmbH and subsequently has been renamed Unitymedia KabelBW GmbH), a company organized under the laws of Germany, on a standalone basis, unless the context otherwise requires;

"UPC Germany HC1" refers to UPC Germany HoldCo 1 GmbH, which has been merged into KBW as part of the Post-KBW Fold-in Reorganization;

"UPC Germany HC2" refers to UPC Germany HoldCo 2 GmbH, which was merged into KBW as part of the 2012 Reorganization;

"UPC Germany Holdings" refers to UPC Germany Holdings GmbH, a company organized under the laws of Germany, and which has been merged into UPC Germany NewCo as part of the Post-KBW Fold-in Reorganization;

"UPC Germany NewCo" refers to UPC Germany NewCo GmbH, a company organized under the laws of Germany;

"UPC Holding" refers to UPC Holding B.V., a subsidiary of Liberty Global, with or without its consolidated subsidiaries, as the context requires;

"U.S. Exchange Act" refers to the U.S. Securities Exchange Act of 1934;

"U.S. Securities Act" refers to the U.S. Securities Act of 1933; and

"U.S." or "United States" refers to the United States of America.

Except as otherwise indicated, "we", "us", "our" or the "Company" refers to Unitymedia KabelBW GmbH with or without its consolidated subsidiaries, prior to and/or following the completion of the KBW Fold-in (as the context may require). "Unitymedia" and "Kabel BW" also refer to the Unitymedia trademark and the Kabel BW trademark, as applicable, where the context so requires.

For explanations or definitions of certain technical and industry terms relating to our business as used herein, see "*Glossary*".

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Historical Financial Data

Unless otherwise indicated, the financial information presented in these Listing Particulars is the historical consolidated financial information of Unitymedia KabelBW and its subsidiaries on the basis described below.

These Listing Particulars include (1) the Unitymedia KabelBW September 30, 2014 Condensed Consolidated Financial Statements, (2) the Unitymedia KabelBW December 31, 2013 Consolidated Financial Statements, (3) the Unitymedia KabelBW December 31, 2012 Consolidated Financial Statements and (4) the Unitymedia December 31, 2011 Consolidated Financial Statements, each of which have been prepared in accordance with International Financial Reporting Standards, as adopted by the EU ("**EU IFRS**").

In connection with the May 2012 completion of the Unitymedia Exchange, Unitymedia KabelBW completed the KBW Fold-in, whereby the entities comprising the Kabel BW Group became subsidiaries of Unitymedia Hessen pursuant to a series of mergers and consolidations. Unitymedia KabelBW has accounted for the KBW Fold-in as a common control transfer at carryover basis and the Unitymedia KabelBW December 31, 2012 Consolidated Financial Statements have been retrospectively revised to give effect to the related change in reporting entities for all periods in which Unitymedia KabelBW and the Kabel BW Group were under the common control of Liberty Global (namely all periods beginning on or after the December 15, 2011 completion of the LG/KBW Transaction). The Unitymedia December 31, 2011 Consolidated Financial Statements, as included elsewhere herein, do not give effect to this common control transfer, and accordingly, do not reflect the related retrospective change in reporting entities. Accordingly, amounts derived from the Unitymedia KabelBW December 31, 2012 Consolidated Financial Statements include the Kabel BW Group during the common control periods.

Management's Discussion and Analysis of Financial Condition and Results of Operations

With regard to the discussion and analysis included under "*Management's Discussion and Analysis of Financial Condition and Results of Operations of Unitymedia KabelBW — Results of Operations — 2012 compared to 2011*", we have presented pro forma results of operations for Unitymedia KabelBW for the year ended December 31, 2011 in order to provide a more meaningful basis of comparison to Unitymedia KabelBW's results of operations for the year ended December 31, 2012. The pro forma results of operations for the year ended December 31, 2011 give effect to (i) the LG/KBW Transaction, (ii) the March 2011 Kabel BW Refinancing and (iii) the change in the reporting entities associated with the KBW Fold-in as if such transactions had been completed as of January 1, 2011.

The pro forma financial information presented under *Management's Discussion and Analysis of Financial Condition and Results of Operations of Unitymedia KabelBW* is not necessarily indicative of the results of operations that would have occurred if these transactions had occurred on such dates. Neither the assumptions underlying the pro forma adjustments nor the resulting pro forma financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

Other Financial Measures

Adjusted EBITDA is the primary measure used by our management to evaluate the company's performance. Adjusted EBITDA is also a key factor that is used by our internal decision makers to evaluate the effectiveness of our management for purposes of annual and other incentive compensation plans. We define EBITDA as earnings before net finance expense, income taxes, depreciation and amortization. As we use the term, Adjusted EBITDA is defined as EBITDA before share-based compensation, impairment, restructuring and other operating items and related-party fees and allocations. Other operating items include (i) gains and losses on the disposition of long-lived assets, (ii) direct acquisition costs, such as third-party due diligence, legal and advisory costs, and (iii) other acquisition-related items, such as gains and losses on the settlement of contingent consideration. Our internal decision makers believe Adjusted EBITDA is a meaningful measure and is superior to other available EU-IFRS measures because it represents a transparent view of our recurring operating performance that is unaffected by our capital structure and allows management to readily view operating trends and identify strategies to improve operating performance. We believe our Adjusted EBITDA measure is useful to investors because it is one of the bases for comparing our performance with the performance of other companies in the same or similar industries, although our measure may not be directly comparable to similar measures used by other companies. Adjusted EBITDA should be viewed as a measure of operating performance that is a supplement to, and not a substitute for, earnings before interest and taxes (EBIT), net earnings (loss),

cash flow from operating activities and other EU-IFRS measures of income or cash flows. We provide a reconciliation of Adjusted EBITDA to net loss in these Listing Particulars. See "*Selected Consolidated Financial and Operating Data of Unitymedia KabelBW*".

Certain amounts and percentages included in these Listing Particulars have been rounded and accordingly may not add up exactly or correspond to aggregate amounts in certain tables in these Listing Particulars.

Subscriber Data

Each subscriber is counted as a revenue generating unit ("**RGU**") for each service subscribed. Thus, a subscriber who receives cable television, broadband internet and telephony services (regardless of their number of telephony access lines) would be counted as three RGUs. We do not include subscriptions to mobile services in our externally reported RGU counts. The operational and statistical data included in these Listing Particulars, including penetration rates and average monthly subscription revenue per average RGU ("**ARPU**"), are determined by management, are not part of Unitymedia KabelBW's financial statements and have not been audited or otherwise reviewed by an outside auditor, consultant or expert or by any of the Initial Purchasers. For more information regarding how Unitymedia KabelBW defines and calculates its operating statistics, see "*Business of Unitymedia KabelBW — Introduction*". Unless otherwise indicated, operational and statistical data included in these Listing Particulars, including subscriber statistics and product offerings, are as of and for the nine months ended September 30, 2014 and the operational and statistical data provided as of September 30, 2014 and as of December 31, 2013, 2012 and 2011 represents the aggregation of both the Unitymedia and Kabel BW footprints.

Third-Party Information

The information provided in these Listing Particulars on the market environment, market developments, growth rates, market trends and on the competitive situation in the markets and segments in which Unitymedia KabelBW operates are based (to the extent not otherwise indicated) on third-party data, statistical information and reports as well as on estimates of Unitymedia KabelBW.

Market studies are frequently based on information and assumptions that may not be exact or appropriate, and their methodology is by nature forward looking and speculative. These Listing Particulars also contain estimates made by us based on third-party market data, which in turn is based on published market data or figures from publicly available sources.

Neither we nor the Initial Purchasers have verified the figures, market data or other information on which third parties have based their studies nor have such third parties verified the external sources on which such estimates are based. Therefore neither we nor the Initial Purchasers guarantee nor do we or the Initial Purchasers assume responsibility for the accuracy of the information from third-party studies presented in these Listing Particulars or for the accuracy of the information on which such estimates are based.

These Listing Particulars also contain estimates of market data and information derived therefrom which cannot be gathered from publications by market research institutions or any other independent sources. Such information is based on our internal estimates. In many cases there is no publicly available information on such market data, for example from industry associations, public authorities or other organizations and institutions. We believe that these internal estimates of market data and information derived therefrom are helpful in order to give investors a better understanding of the industry in which we operate as well as our position within this industry. Although we believe that our internal market observations are reliable, our estimates are not reviewed or verified by any external sources. We assume no responsibility for the accuracy of our estimates and the information derived therefrom. These may deviate from estimates made by our competitors or future statistics provided by market research institutes or other independent sources. We cannot assure you that our estimates or the assumptions are accurate or correctly reflect the state and development of, or our position in, the industry.

EXCHANGE RATE INFORMATION

We present the Unitymedia Consolidated Financial Statements in euro. We have set forth in the table below, for the periods and dates indicated, certain information regarding the exchange rates between U.S. dollars and the euro based on the market rates at 6 p.m. London time. We have provided this exchange rate information solely for your convenience. We make no representation that any amount of currencies specified in the table below has been, or could be, converted into the applicable currency at the rates indicated or any other rate. The market rate at 6 p.m. London time of the euro on February 27, 2015 was $1.12 = €1.00.

	U.S.$ per €1.00			
	Period Average[1]	High	Low	Period End
Year				
2010	1.33	1.45	1.20	1.34
2011	1.39	1.49	1.29	1.30
2012	1.29	1.35	1.21	1.32
2013	1.33	1.38	1.28	1.38
2014	1.33	1.39	1.21	1.21
Month				
August 2014	1.33	1.34	1.31	1.31
September 2014	1.29	1.31	1.26	1.26
October 2014	1.27	1.28	1.25	1.25
November 2014	1.25	1.26	1.24	1.24
December 2014	1.23	1.25	1.21	1.21
January 2015	1.16	1.21	1.13	1.13
February 2015	1.13	1.15	1.12	1.12

(1) Period Average means the average of the market rates at 6 p.m. London time during the relevant period.

FORWARD-LOOKING STATEMENTS

These Listing Particulars contain "forward-looking statements" as that term is defined by the U.S. federal securities laws. These forward-looking statements include, but are not limited to, statements other than statements of historical facts contained in these Listing Particulars, including, but without limitation, those regarding our future projected contractual commitments, our future financial condition, results of operations and business, our product, acquisition, disposition and finance strategies, our capital expenditures, subscriber growth and retention rates, competitive, regulatory and economic factors, the maturity of our markets, anticipated cost increases, liquidity, credit risks, foreign currency risks and target leverage levels. In some cases, you can identify these statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "may", "plan", "potential", "predict", "project", "should", and "will" and similar words used in these Listing Particulars.

By their nature, forward-looking statements are subject to numerous assumptions, risks and uncertainties. Many of these assumptions, risks and uncertainties are beyond our control. Accordingly, actual results may differ materially from those expressed or implied by the forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we operate.

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.

Risks and uncertainties that could cause actual results to vary materially from those anticipated in the forward-looking statements included in these Listing Particulars include those described under "*Risk Factors*".

The following include some but not all of the factors that could cause actual results or events to differ materially from those anticipated results or events:

- economic and business conditions and industry trends in the markets in which we operate;
- the competitive environment in Germany, 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 renew on equivalent terms existing contracts with housing associations and Professional Operators (as defined herein), especially in light of the present and any future conditions imposed on us as a result of the LG/KBW Transaction;
- our ability to maintain our revenue from channel carriage arrangements;
- 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 impairs our competitive position, including any intervention that would impact our contractual relationships with housing associations and Professional Operators or would open our broadband distribution networks to competitors;
- our ability to obtain regulatory approval and satisfy other conditions necessary to close acquisitions, and the impact of conditions imposed by competition and other regulatory authorities in connection with acquisitions, including the impact of the present and any future conditions imposed in connection with the LG/KBW Transaction on our operations;
- changes in laws or treaties relating to taxation, or the interpretation thereof, in the markets in which we operate;
- changes in laws and government regulations that may impact the availability and cost of credit and the derivative instruments that hedge certain of our financial risks;
- the ability of suppliers and vendors (including our third-party wireless network provider 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;
- our ability to successfully integrate and realize anticipated efficiencies from the businesses we or Liberty Global acquire;
- 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;
- changes in the nature of key relationships with Deutsche Telekom and certain of its affiliates for the access and operation of a significant portion of our network;
- our ability to successfully interact with labor councils and unions; 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 these Listing Particulars 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 these Listing Particulars, 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.

We undertake no obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward looking statements to reflect events or circumstances after the date of these Listing Particulars.

We disclose important factors that could cause our actual results to differ materially from our expectations in these Listing Particulars. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf. When we indicate that an event, condition or circumstance could or would have an adverse effect on us, it means to include effects upon business, financial and other conditions, results of operations and ability to make payments on the Notes.

AVAILABLE INFORMATION

For so long as any of the Notes are "restricted securities" within the meaning of Rule 144A(a)(3) under the U.S. Securities Act, the Issuer will, during any period in which they are neither subject to the reporting requirements of Section 13 or 15(d) of the U.S. Exchange Act nor exempt from the reporting requirements of the U.S. Exchange Act under Rule 12g3-2(b) thereunder, provide to the holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act.

The Issuer is not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act. However, pursuant to the Indenture and so long as the Notes are outstanding, the Issuer will furnish periodic information to holders of the Notes. See "*Description of the Notes — Certain Covenants — Reports*".

SUMMARY

The following is a summary of selected information contained in these Listing Particulars. It does not contain all of the information that you should consider before making an investment decision. To understand this offering fully, you should read the entire Listing Particulars, including the sections entitled "Risk Factors", "Selected Consolidated Financial and Operating Data of Unitymedia KabelBW", "Management's Discussion and Analysis of Financial Condition and Results of Operations of Unitymedia KabelBW", "Industry Overview" and "Business of Unitymedia KabelBW", as well as the financial statements included herein.

Unless otherwise indicated, operational and statistical data, including subscriber statistics and product offerings, are as of September 30, 2014. Please see "Glossary" for more information on the technical terms used in these Listing Particulars.

Company Overview

Unitymedia KabelBW, a subsidiary of Liberty Global, provides digital and analog cable television and broadband internet and fixed-line telephony services over its broadband communications network and mobile services as a mobile virtual network operator ("**MVNO**"). We are the second largest cable operator in Germany and the largest cable operator in the German states North Rhine-Westphalia, Hesse and Baden-Württemberg in terms of the number of video subscribers. Our video service offerings include basic digital and analog television and radio services and premium digital cable services. Our premium digital cable service is comprised of premium subscription channels that we bundle into packages, pay per view programming such as video on demand ("**VoD**"), digital video recorders ("**DVR**") and high definition ("**HD**") television offerings. In addition, in the upgraded portions of our network coverage area, we offer our customers access to triple play services consisting of digital cable video, broadband internet and fixed-line telephony. Through our partnership with Telefónica Germany GmbH & Co. OHG (Telefónica Germany), we offer mobile data and voice services.

Our network passes 12,687,000 homes, and the upgraded portion of our network coverage area, which supports full bi-directional capacity, covers 97% of our coverage area in North Rhine-Westphalia, Hesse and Baden-Württemberg. We serve 6,564,500 video revenue generating units (RGUs) (including 2,263,800 digital cable RGUs), 2,683,000 fixed-line telephony RGUs and 2,818,100 broadband internet RGUs.

We generated revenue of €1,521.8 million and Adjusted EBITDA (see note (f) to the Summary Financial and Operating Data of the Issuer included in these Listing Particulars under "*Summary — Summary Financial and Operating Data of Unitymedia KabelBW — Unitymedia KabelBW Summary Operating Data*") of €947.2 million for the nine months ended September 30, 2014.

For further information regarding our business see "*Business of Unitymedia KabelBW*" in these Listing Particulars.

Our Strengths

We believe the following strengths will allow us to execute our growth strategy described below:

Our business operates in a highly attractive geographic area. We are the largest cable television service provider in terms of revenue and subscribers in North Rhine-Westphalia, Hesse and Baden-Württemberg. Our network coverage area includes the metropolitan areas of sixteen of the twenty-five largest cities in Germany including Cologne, Dortmund, Düsseldorf, Essen, Frankfurt, Karlsruhe, Mannheim, Stuttgart and Wiesbaden. As of December 31, 2013, the states in which we operate had a population and combined number of households of 34.2 million and 16.5 million, respectively, accounted for approximately 45% of Germany's Gross Domestic Product ("**GDP**") and, together, constituted the 5th largest economy in the EU as measured by 2013 GDP (Source: Federal Statistical Office of Germany and Eurostat). We believe the scale of our operations in combination with our network ownership, our strong brand recognition and customer loyalty in our regions provides us with a significant advantage and will allow us to disproportionately benefit from growth opportunities in our markets.

The German market offers significant growth opportunities for the cable sector. The market for broadband internet services in Germany has grown rapidly over the last five years and fixed-line broadband penetration in Germany was 72% of households as of December 2013 (Federal Network Agency). Despite the rapid growth, broadband penetration in Germany is still relatively low compared to the broadband internet penetration in Western Europe. We believe that, due to its competitive advantage, the German cable distribution technology will continue to attract broadband internet access customers from other distribution technologies such as digital subscriber line ("**DSL**") technology. The premium television channel market in Germany has

historically been underdeveloped. We see significant upside in migrating customers from basic free-to-air television offerings to premium digital cable services such as premium subscription channels, HD channels, DVR and VoD. We are well positioned to participate in the growth in our sector as a result of our advanced products and services and our reputation in our markets as a leading triple-play provider.

Our basic cable video services provide us with strong, stable cash flows. Cable is the leading TV distribution platform in Germany, with 46% of German television homes receiving television signals via cable as of July 2014 (Source: German Digitization Report, 2014). This percentage has declined only slightly over the last years despite the introduction of alternative TV platforms such as digital satellite, DVB-T or Internet Protocol television ("**IPTV**") offerings. A significant portion of our residential customers pay via direct debit, and many of our housing association customers pay annually or semi-annually in advance pursuant to longer-term contracts. These characteristics, together with the high value proposition of our basic cable services, have historically been responsible for low gross churn rates and a relatively stable basic cable video base. As a result, our business has benefitted from reliable revenue, which, when combined with our predictable cost base and low maintenance capital expenditures, have led to strong and stable cash flows.

We have a large customer base to which we can up- and cross-sell our triple-play services. Our basic cable video base represents a unique asset to which we can up- and cross-sell digital and broadband products and services using our extensive sales and distribution network. Due to the delayed roll-out of advanced services in Germany, our total ratio of RGUs per customer relationship was relatively low at 1.70:1 as of September 30, 2014. In addition, our monthly ARPU per customer relationship is relatively low compared to cable ARPUs in other European markets. For the nine months ended September 30, 2014, the monthly ARPU per customer relationship was €21.38. Our single and combined offering of digital television, broadband internet and telephony services, in connection with our established brand and the current general trend towards digitalization, provides us with the opportunity to sell additional services to our existing customers.

Our network provides us with a superior platform. We believe that the size and reach of our cable network positions us well in the converging German media and telecommunication markets. Our control over our cable network is, for the majority of our footprint, one of only two networks with extensive local loop infrastructure across North Rhine-Westphalia, Hesse and Baden-Württemberg. It is highly engineered and structured with high redundancy allowing network stability and low maintenance requirements. Our regional backbone and local loop network position us, we believe, as the only alternative end-to-end, infrastructure-based competitor to Deutsche Telekom across our entire footprint. We believe that control over local loop last mile (local drop connecting the backbone backhaul and the private property) in the majority of our footprint provides us with high flexibility in product design and delivery of service, time-to-market advantages and certain cost advantages compared to other operators. As of September 30, 2014, approximately 97% of our network had been upgraded to a bi-directional hybrid fiber coaxial cable with 862 MHz capacity, offering the capacity to transmit analog and digital video services in parallel to broadband internet, telephony and interactive services. In addition, we have implemented EuroDOCSIS 3.0 across nearly all of our network coverage area, which currently allows us to deliver broadband speeds of up to 200 Mbps with the potential to further increase without substantial network investments. We therefore believe we are well positioned to benefit from increasing broadband internet penetration and increasing bandwidth demand for broadband services from consumers in general and the migration of customers to premium digital cable services.

We benefit from an advantageous cost structure with inherent operating leverage and success-based capital expenditures. We believe our network ownership and large customer base allow us to operate on a lower cost base than many of our German peers, in particular those that lease access lines from or resell services of Deutsche Telekom. In addition, we benefit from an advantageous cost structure as a result of our secure, long-term access to the cable ducts of Deutsche Telekom and our stringent focus on cost control. As we have upgraded a substantial part of our network, we expect the majority of our future capital expenditures to be customer driven and directly linked to incremental RGU and revenue growth. We believe that our increased scale and advanced infrastructure will enable us to reduce costs, limit capital expenditures, decrease reliance on suppliers, and open up new strategic opportunities in the German market.

We have a highly experienced management team. Our management team has significant experience in the German and international cable television and telecommunication industries, with a proven track record of increasing productivity, making strategic acquisitions and integrating them as well as developing and maintaining strong customer relationships. We have a management team whose members have held senior management positions at various domestic and international cable operators and telecommunication companies prior to joining Unitymedia KabelBW and who have developed strong relationships with our market partners, including housing associations and broadcasters. Our top management is supported by a broad base of experienced second level managers.

Our Strategy

The key components of our growth strategy are as follows:

Drive growth from an integrated triple-play product strategy. We believe that our upgraded network provides us with a superior technological infrastructure for delivering triple-play services as a high value consumer proposition. We plan to continue to provide comprehensive, innovative multimedia and entertainment service bundles to existing and new customers, offering customers higher speeds and more value at competitive prices. We believe that the competitive price and quality of our bundled services offer customers a superior value proposition and allow us to differentiate ourselves from our competitors.

Increase our broadband internet and fixed-line telephony penetration. We plan to grow our broadband internet subscriber base by emphasizing our bandwidth capabilities and compelling value proposition. We intend to acquire a substantial share of new broadband internet customers and win subscribers away from our competitors based on our competitive pricing and service quality as well as the superior speed of our offerings, especially vis-à-vis standard DSL. We see our fixed-line telephony product, which is used as a first line service, as a potent way to disconnect customers from our competitors for current and future media and telecommunications products.

Drive growth with digital TV and other premium digital cable services. We plan to continue the digitalization of our basic cable video base and up-sell digital video services into the existing base. We regularly update our basic cable program offerings to reflect changes in viewer interest, and we have improved our TV product by introducing additional HD channels and premium subscription channels that we bundle into packages. A key growth driver to switch the analog base into digital is our HD DVR with time shifting and recording functionalities. As part of this strategy, we launched Horizon TV in September 2013 in our Unitymedia footprint and also launched Horizon Go, an online television application that offers over 100 linear video channels and access to video-on-demand, in our KabelBW footprint in January 2014, and we have introduced full Horizon TV triple-play bundles in that region in November 2014. Horizon TV is a family of media products that allows customers to view and share content across the television, computer, tablet and smartphone. Horizon TV is powered by a user interface that allows customers to seamlessly navigate and features an advanced set-top box that delivers not only video, but also internet and voice connections along with a wireless network for the home. The Horizon TV experience also includes online viewing of programming from a computer, tablet or smartphone. As a result of these initiatives, we believe that we will further differentiate ourselves from other TV distribution platforms and technologies which will allow us to attract new RGUs and increase our revenue and ARPU per customer.

Pursue additional growth from new lines of business such as mobile services and business customers. Enabled by our upgraded and stable network with large bandwidth capabilities, which we believe is much better suited to data transmission than our competitors' networks, we regularly seek new business opportunities to expand our customer base and increase our revenue. We have also introduced mobile services and business customer telecommunications services in each of our markets. Since November 2010 in Baden-Württemberg and December 2011 in North Rhine-Westphalia and Hesse, we have been marketing a full range of mobile phone and internet services, which allow us to offer comprehensive packages of telecommunication services to our customers. We believe that these services are complementary to our other services, will reduce churn and that the size and growth of the mobile internet market offers a significant revenue and margin opportunity. During 2012, we entered the market for business customer telecommunication services. We believe there is a large potential of small offices/home offices ("**SOHO**") together with small and medium sized enterprises ("**SME**") in our network coverage area, and we intend to focus on penetrating this market with specified offerings.

Expand our network coverage area through acquisitions. We regularly evaluate potential value accretive acquisition targets and, subject to market conditions and the availability of suitable investment opportunities, intend to expand our network coverage area through acquisitions of related businesses in our existing regions or through organic growth of our existing operations. We continue to be focused on efficiently integrating the Kabel BW Group's business so that we can achieve the remaining synergies that we believe are available to us as a result of this combination. In selecting potential targets, we intend to focus on gaining access to new markets and product segments, minimizing overlap with our existing network and creating operational synergies. We believe that due to our experience with, and track record of, integrating past acquisitions, we will be able to successfully integrate companies and realize synergies.

Maintain focus on operational excellence. We continuously monitor our customers' perception of the quality of our services and aim to further improve our high levels of customer satisfaction. As an example, we have streamlined our operations, automated and integrated various customer care and billing platforms,

established closer relationships with our sales agents and implemented earnings-based incentives. We closely monitor key performance indicators to assess our operational processes, sales and marketing efficiency and the reliability of our infrastructure. We are focused on the continued training and development of our sales force and call center agents, so that we can efficiently provide high quality service to our customers.

Focusing on cash flow growth. We are committed to exploiting the growth opportunities that we believe are available to our business and generating high incremental returns on our investments. We intend to leverage the scalability of our operations and our significant historical network investments to translate revenue growth into Adjusted EBITDA. We are also committed to further invest in our growth with advanced services as we believe that we get a strong return on investment over the life time of an average triple-play customer.

Brief Description of the Escrow

The Initial Purchasers, concurrently with the issuance of the Notes on the Issue Date, deposited the gross proceeds of the offering of the Notes (the "**Escrowed Proceeds**") into one or more escrow accounts (the "**Escrow Accounts**"), each in the name of the Trustee, on behalf of the holders of the Notes, pursuant to the escrow agreement (the "**Escrow Agreement**") entered into on or about the Issue Date between the Issuer, the Trustee and the Escrow Agent. The Escrow Agent shall release the Escrowed Proceeds upon the satisfaction of certain conditions precedent, as further set out in the Escrow Agreement. If the conditions to the release of the Escrowed Proceeds have not been satisfied on or prior to April 15, 2015 (the "**Longstop Date**"), the Notes are subject to a special mandatory redemption at a redemption price equal to 100% of the aggregate initial issue price of the Notes plus accrued and unpaid interest from the Issue Date to such special mandatory redemption date and additional amounts, if any. The Issuer will not grant security over the Escrow Accounts for the benefit of the Trustee or holders of the Notes to secure the payment of the special mandatory redemption price. See "*Description of the Notes — Escrow of Proceeds; Special Mandatory Redemption*".

Recent Developments

Preliminary Operating and Financial Information for the Fourth Quarter of 2014

Please see the "Annexure" beginning on Page A-1 of these Listing Particulars for Unitymedia KabelBW's selected preliminary unaudited operating and financial information as of December 31, 2014 and for the three and twelve months ended December 31, 2014. In addition to the information contained in the Annexure, we are providing summarized balance sheet and cash flow data as of December 31, 2014 and for the year ended December 31, 2014 as set forth in the tables below. The information contained in the Annexure and the summarized financial data set forth in the tables below are preliminary and have not been audited by Unitymedia KabelBW's independent auditors and are subject to change prior to Unitymedia KabelBW issuing its December 31, 2014 audited consolidated financial statements.

		December 31, 2014
		in millions
Unitymedia KabelBW Summarized Consolidated Balance Sheet Data:		
Cash and cash equivalents	€	14.4
Total assets	€	8,290.1
Total current liabilities	€	972.1
Total debt and finance lease obligations:		
Third-party	€	6,550.3
Related-party	€	871.9
Total liabilities	€	8,442.1
Total shareholder's deficit	€	(152.0)

		Year ended December 31, 2014
		in millions
Unitymedia KabelBW Summarized Consolidated Cash Flow Data:		
Net cash provided by operating activities	€	840.6
Net cash used by investing activities	€	(1,332.7)
Net cash provided by financing activities	€	492.9

November 2014 Financing Transactions

On October 22, 2014, Unitymedia KabelBW issued the 2014 UM Senior Notes. The net proceeds of the 2014 UM Senior Notes were applied by Unitymedia KabelBW to redeem all of its outstanding 2009 UM Senior Notes on November 7, 2014 (the "**November 2014 Redemption**"). Subsequent to September 30, 2014, Unitymedia Hessen incurred €80 million of revolving indebtedness under the Super Senior Revolving Credit Facility and €420 million of revolving indebtedness under the Senior Revolving Credit Facility (collectively, the "**November RCF Drawdown**"). All proceeds from the November RCF Drawdown in an aggregate principal amount of €500 million were loaned to UPC Germany, the immediate parent company of Unitymedia KabelBW, pursuant to the UPC Germany Loan Receivable as further described under "— *Certain Relationships and Related Party Transactions of Unitymedia KabelBW*" (the "**November Loan Distribution**"). The issuance of the 2014 UM Senior Notes, the November 2014 Redemption and the November RCF Drawdown and the application of the proceeds thereof are collectively referred to herein as the "**November 2014 Financing Transactions**".

December 2014 Financing Transactions

On December 17, 2014, Unitymedia Hessen and Unitymedia NRW issued the December 2014 Unitymedia KabelBW Senior Secured Notes. The net proceeds of the December 2014 Unitymedia KabelBW Senior Secured Notes were applied by Unitymedia Hessen and Unitymedia NRW to (i) redeem all of the outstanding Unitymedia KabelBW Senior Secured Exchange Notes on January 2, 2015 (the "**December 2014 Redemption**") and (ii) prepay a portion of the November RCF Drawdown under the Senior Revolving Credit Facility and the Super Senior Revolving Credit Facility of €200 million and €80 million principal amount, respectively, (the "**December 2014 RCF Prepayment**" and together with the December 2014 Redemption, the "**December 2014 Refinancing**").

March 2015 SSN Financing Transactions

On February 25, 2015, Unitymedia Hessen and Unitymedia NRW entered into a purchase agreement (the "**March 2015 SSN Purchase Agreement**") with certain initial purchasers pursuant to which Unitymedia Hessen and Unitymedia NRW issued the March 2015 Unitymedia KabelBW Senior Secured Notes on March 11, 2015. The initial purchasers of the March 2015 Unitymedia KabelBW Senior Secured Notes, concurrently with the issuance of the March 2015 Unitymedia KabelBW Senior Secured Notes, deposited the gross proceeds thereof (the "**March 2015 SSN Escrowed Proceeds**") into one or more escrow accounts, each in the name of the Trustee, on behalf of the holders of the March 2015 Unitymedia KabelBW Senior Secured Notes, pursuant to an escrow agreement (the "**March 2015 SSN Escrow Agreement**"), entered into on the date on which the March 2015 Unitymedia KabelBW Senior Secured Notes were issued. The escrow agent under the March 2015 SSN Escrow Agreement shall release the March 2015 SSN Escrowed Proceeds upon the satisfaction of certain conditions precedent, as set out in the March 2015 SSN Escrow Agreement, which are substantially consistent with the conditions precedent to the escrow release set forth in the Escrow Agreement. If the conditions to the release of the March 2015 SSN Escrowed Proceeds are satisfied on or prior to April 15, 2015, Unitymedia Hessen and Unitymedia NRW will use substantially all of the net proceeds of the offering of the March 2015 Unitymedia KabelBW Senior Secured Notes to (i) redeem 10% of the principal amount of each of the outstanding September 2012 Unitymedia KabelBW Senior Secured Notes, December 2012 Unitymedia KabelBW Senior Secured Notes, January 2013 Unitymedia KabelBW Senior Secured Notes and April 2013 Unitymedia KabelBW Senior Secured Notes, at a redemption price equal to 103% of such principal amount in accordance with the applicable indenture governing the notes (the "**March 2015 SSN Redemption**") and (ii) prepay the outstanding amount of the November RCF Drawdown under the Senior Revolving Credit Facility in an aggregate principal amount of €220 million (the "**March 2015 RCF Prepayment**" and together with the **March 2015 SSN Redemption**, the "**March 2015 SSN Refinancing**").

The Refinancing

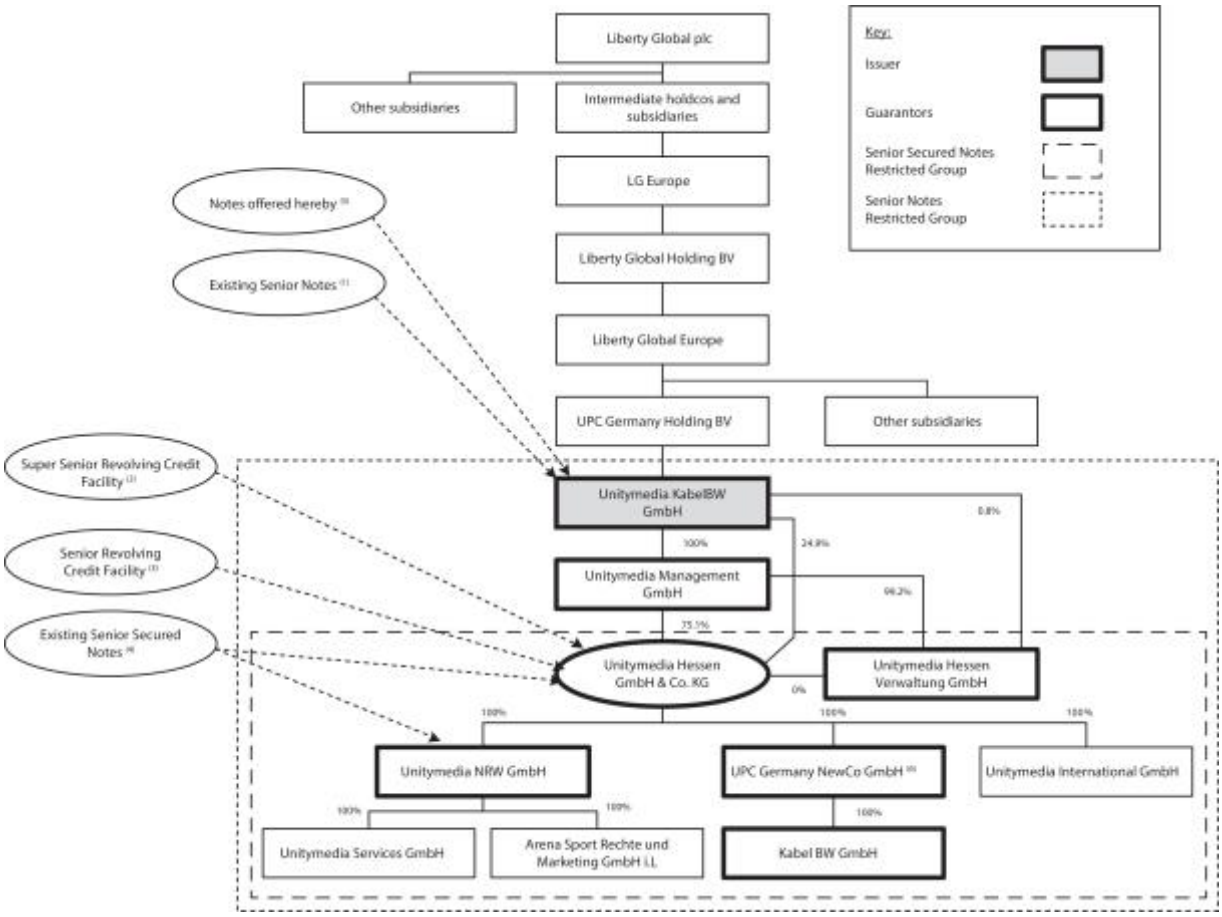
The Issuer will use substantially all of the net proceeds of this offering to redeem all of the outstanding Unitymedia KabelBW Senior Exchange Notes, including the payment of principal and related interest and premium, in accordance with the indenture governing the Unitymedia KabelBW Senior Exchange Notes (the "**Refinancing**"). See "*Use of Proceeds*".

Set-off Agreement

On December 17, 2014, Unitymedia KabelBW entered into a set-off agreement (the "**Set Off Agreement**") with UPC Germany. Pursuant to this agreement, Unitymedia KabelBW and UPC Germany have set-off portions of the outstanding amounts under the UPC Germany Loan Receivable with the outstanding amounts of the 2012 Shareholder Loan in the amount of €500.0 million.

Pro Forma Summary Corporate and Financing Structure

The following diagram sets forth certain aspects of our corporate and financing structure after giving effect to the issuance of the Notes offered hereby, the November 2014 Financing Transactions, the December 2014 Financing Transactions, the March 2015 SSN Financing Transactions and the Refinancing.



(1) Existing Senior Notes comprise the €617,972,000 9 ½% Senior Exchange Notes due 2021, which were issued on May 4, 2012, and the $900,000,000 6 ⅛% Senior Notes due 2025, which were issued on October 22, 2014. See "*Description of Other Indebtedness — Unitymedia KabelBW Senior Exchange Notes*" and "*Description of Other Indebtedness — 2014 UM Senior Notes*". The Issuer will use substantially all of the net proceeds of this offering to redeem the outstanding principal amount of the Unitymedia KabelBW Senior Exchange Notes in accordance with the indenture governing such notes. See "*Summary — Recent Developments — The Refinancing*".

(2) The €80,000,000 Super Senior Revolving Credit Facility is a super senior secured revolving credit facility as described further herein. See "*Description of Other Indebtedness — Super Senior Revolving Credit Facility*".

(3) The €420,000,000 Senior Revolving Credit Facility is a senior secured revolving credit facility as described further herein. See "*Description of Other Indebtedness — Senior Revolving Credit Facility*".

(4) Existing Senior Secured Notes comprise the (i) €650,000,000 5 ½% Senior Secured Notes due 2022, which were issued on September 19, 2012, (ii) $1,000,000,000 5 ½% Senior Secured Notes due 2023 and €500,000,000 5 ¾% Senior Secured Notes due 2023 which, in each case, were issued on December 14, 2012, (iii) €500,000,000 5 ⅛% Senior Secured Notes due 2023, which were issued on January 21, 2013, (iv) €350,000,000 5 ⅝ Senior Secured Notes due 2023, which were issued on April 16, 2013, (v) €475,000,000 6 ¼ Senior Secured Notes due 2029, which were issued on November 21, 2013, (vi) €1,000,000,000 4% Senior Secured Notes due 2025 and $550,000,000 5% Senior Secured Notes due 2025 and (vii) €500,000,000 3 ½ Senior Secured Notes due 2027 expected to be issued as part of the March 2015 SSN Financing Transactions. Issuance of the March 2015 Unitymedia KabelBW Senior Secured Notes is subject to customary closing conditions precedent. See "*Description of Other Indebtedness — September 2012 Unitymedia KabelBW Senior Secured Notes", "Description of Other Indebtedness — December 2012 Unitymedia KabelBW Senior Secured Notes*", "*Description of Other Indebtedness — January 2013 Unitymedia KabelBW Senior Secured Notes*", "*Description of Other Indebtedness — April 2013 Unitymedia KabelBW Senior Secured Notes*", "*Description of Other Indebtedness — November 2013 Unitymedia KabelBW Senior Secured Notes*", "*Description of Other Indebtedness — December 2014 Unitymedia KabelBW Senior Secured Notes*", "*Description of Other Indebtedness — March 2015 Unitymedia KabelBW Senior Secured Notes*". Pursuant to the March 2015 SSN Financing Transactions, Unitymedia Hessen and Unitymedia NRW will use a portion of the proceeds of the offering of the March 2015 Unitymedia KabelBW Senior Secured Notes to redeem 10% of the principal amount of each of (w) €650,000,000 5 ½% Senior Secured Notes due 2022, (x) €500,000,000 5 ¾% Senior Secured Notes due 2023, (y) €500,000,000 5 ⅛% Senior Secured Notes due 2023, and (z) the €350,000,000 5 ⅝ Senior Secured Notes due 2023 is expected to be redeemed pursuant to the indentures governing the notes.

(5) The Issuer and Guarantors of the Notes represent more than (i) 95% of the consolidated total assets of Unitymedia KabelBW as of September 30, 2014 and (ii) 95% of the consolidated EBITDA of Unitymedia KabelBW for the nine months ended September 30, 2014.

(6) UPC Germany NewCo GmbH is expected to merge into Unitymedia Hessen GmbH & Co. KG in the first quarter of 2015.

SUMMARY FINANCIAL AND OPERATING DATA OF UNITYMEDIA KABELBW

The table below sets out summary financial and operating data of Unitymedia KabelBW for the indicated periods, including (1) historical information for the nine months ended September 30, 2014 and 2013, (2) historical information for the years ended December 31, 2013, 2012 and 2011 and (3) pro forma information for the year ended December 31, 2011. The historical consolidated balance sheet and statement of operations data as of and for the nine-month periods ended September 30, 2014 and 2013 has been derived from the Unitymedia KabelBW September 30, 2014 Condensed Consolidated Financial Statements and the historical consolidated balance sheet data as of December 31, 2013 and 2012 and the historical consolidated statement of operations data for the years ended December 31, 2013, 2012 and 2011 have been derived from the Unitymedia KabelBW December 31, 2013 Consolidated Financial Statements. The historical consolidated balance sheet data as of December 31, 2011 has been derived from the Unitymedia KabelBW December 31, 2012 Consolidated Financial Statements. The pro forma statement of operations data for the year ended December 31, 2011 has been derived from the pro forma statement of operations data included in note 5 to the Unitymedia KabelBW December 31, 2013 Consolidated Financial Statements. The pro forma statement of operations and statistical data for the year ended December 31, 2011, which, among other items, includes the historical results of operations and statistical data of the Kabel BW Group for the full year of 2011, is presented to provide a more meaningful basis of comparison with the corresponding historical information for the years ended December 31, 2013 and 2012. In connection with the May 2012 completion of the Unitymedia Exchange, Unitymedia KabelBW completed the KBW Fold-in, whereby the entities comprising the Kabel BW Group became subsidiaries of Unitymedia Hessen pursuant to a series of mergers and consolidations. Unitymedia KabelBW has accounted for the KBW Fold-in as a common control transfer at carryover basis and the Unitymedia KabelBW December 31, 2012 Consolidated Financial Statements have been retrospectively revised to give effect to the related change in reporting entities for all periods in which Unitymedia KabelBW and the Kabel BW Group were under the common control of Liberty Global (namely all periods beginning on or after the December 15, 2011 completion of the LG/KBW Transaction). The Unitymedia December 31, 2011 Consolidated Financial Statements, as included elsewhere herein, do not give effect to this common control transfer, and accordingly, do not reflect the related retrospective change in reporting entities. Accordingly, amounts derived from the Unitymedia KabelBW December 31, 2012 Consolidated Financial Statements include the Kabel BW Group during the common control. In connection with the KBW Fold-in, Unitymedia KabelBW issued a shareholder loan payable in the principal amount of €1,230.0 million to its parent as consideration for all of the outstanding shares of UPC Germany Holdings that were transferred to Unitymedia KabelBW. No interest on this loan is reflected prior to the May 2012 issuance date in the following historical and pro forma operating results.

	Includes the Kabel BW Group					
	Nine months ended September 30		For the year ended December 31			
	2014	2013	2013 historical	2012 historical	2011 pro forma	2011 historical(a)
	in millions					
Unitymedia KabelBW Consolidated Statement of Operations Data:						
Revenue	€ 1,521.8	€ 1,433.2	€ 1,927.4	€ 1,801.6	€ 1,630.4	€ 1,053.0
Operating (other than depreciation and amortization)	404.4	416.9	548.4	508.3	468.0	286.1
Selling, general and administrative (other than depreciation and amortization) (including share-based compensation)	172.1	166.4	222.9	228.7	198.7	139.7
Impairment, restructuring and other operating items, net	(1.1)	8.5	16.2	29.7	3.9	0.6
Related-party fees and allocations	79.9	54.2	76.4	53.7	35.8	35.8
Total operating costs and expenses	655.3	646.0	863.9	820.4	706.4	462.2
Depreciation and amortization	532.7	502.2	678.6	638.9	618.2	400.9
EBIT	333.8	285.0	384.9	342.3	305.8	189.9
Net financial and other expense	(406.2)	(456.1)	(622.2)	(681.9)	(556.9)	(349.4)
Income tax benefit (expense)	(13.3)	(51.0)	(48.4)	80.3	40.7	18.2
Loss from continuing operations	€ (85.7)	€ (222.1)	€ (285.7)	€ (259.3)	€ (210.4)	€ (141.3)

(a) The historical statement of operations data for the year ended December 31, 2011 includes amounts related to the Kabel BW Group from the December 15, 2011 acquisition date through December 31, 2011.

	September 30,	December 31,		
	2014	2013	2012	2011
		in millions		
Unitymedia KabelBW Historical Consolidated Balance Sheet Data:				
Cash and cash equivalents	€ 13.3	€ 13.6	€ 20.2	€ 48.1
Total assets	€ 8,057.2	€ 7,902.7	€ 7,883.8	€ 7,938.0
Total current liabilities	€ 649.5	€ 600.2	€ 572.6	€ 462.2
Total debt and finance lease obligations:				
Third-party	€ 5,761.8	€ 5,645.9	€ 5,202.9	€ 5,086.8
Related-party	€ 1,332.8	€ 1,219.5	€ 1,397.8	€ 193.1
Total liabilities	€ 8,126.3	€ 7,886.2	€ 7,580.7	€ 6,242.7
Total shareholder's equity (deficit)	€ (69.1)	€ 16.5	€ 303.1	€ 1,695.3

	Nine months ended September 30,		For the year ended December 31,		
	2014	2013	2013	2012	2011(b)
			in millions		
Unitymedia KabelBW Historical Consolidated Cash Flow Data:					
Cash provided by operating activities	€ 631.3	€ 525.3	€ 713.8	€ 634.2	€ 340.0
Cash used by investing activities	€ (582.7)	€ (403.0)	€ (687.0)	€ (637.8)	€ (1,304.8)
Cash provided (used) by financing activities	€ (48.9)	€ (34.5)	€ (33.4)	€ (24.3)	€ 954.2

(b) The historical cash flow data for the year ended December 31, 2011 includes the cash flows of the Kabel BW Group from the December 15, 2011 acquisition date through December 31, 2011.

Unitymedia KabelBW Summary Statistical and Operating Data(c)

	As of and for the nine months ended September 30,		As of and for the year ended December 31,		
	2014	2013	2013	2012	2011
Footprint					
Homes passed	12,687,000	12,620,900	12,634,300	12,567,900	12,445,300
Two-way homes passed	12,357,500	12,217,300	12,295,200	12,162,400	12,034,500
Subscribers (RGUs)					
Digital cable	2,263,800	2,214,300	2,234,900	2,185,900	1,983,800
Analog cable	4,300,700	4,413,500	4,366,500	4,503,600	4,768,600
Total video	6,564,500	6,627,800	6,601,400	6,689,500	6,752,400
Internet	2,818,100	2,490,700	2,579,600	2,219,200	1,799,500
Telephony	2,683,000	2,444,500	2,517,500	2,232,000	1,831,700
Total RGUs	12,065,600	11,563,000	11,698,500	11,140,700	10,383,600
Penetration					
Digital cable as a % of total video subscribers	34.5%	33.4%	33.9%	32.7%	29.4%
Internet as a % of two-way homes passed	22.8%	20.4%	21.0%	18.2%	15.0%
Telephony as a % of two-way homes passed	21.7%	20.0%	20.5%	18.4%	15.2%
Customer Relationships					
Customer relationships	7,103,300	7,070,900	7,069,800	7,049,100	6,932,300
RGUs per customer relationship	1.70	1.64	1.65	1.58	1.50
ARPU					
Monthly ARPU per customer relationship(d)	€ 21.38	€ 20.22	€ 20.33	€ 18.83	€ 17.29

(c) For information concerning how Unitymedia KabelBW defines and calculates its operating statistics, see "*Business of Unitymedia KabelBW — Introduction*".

(d) Monthly ARPU per customer relationship for 2011 is presented on a pro forma basis assuming the Kabel BW Group was acquired on January 1, 2011.

Unitymedia KabelBW Summary Operating Data

	Includes the Kabel BW Group					
	Nine months ended September 30,		For the year ended December 31,			
	2014	2013	2013 historical	2012 historical	2011 pro forma	2011 historical(e)
	in millions					
Revenue	€ 1,521.8	€ 1,433.2	€ 1,927.4	€ 1,801.6	€ 1,630.4	€ 1,053.0
Adjusted EBITDA(f)	€ 947.2	€ 851.2	€ 1,158.1	€ 1,065.7	€ 964.2	€ 627.7
Adjusted EBITDA margin	62.2%	59.4%	60.1%	59.2%	59.1%	59.6%
Property, equipment and intangible asset additions(g)	€ 360.0	€ 363.9	€ 478.7	€ 507.0	€ 444.4	€ 314.5
Property, equipment and intangible asset additions % of revenue	23.7%	25.4%	24.8%	28.1%	27.3%	29.9%

(e) The historical statement of operations data for the year ended December 31, 2011 includes amounts related to the Kabel BW Group from the December 15, 2011 acquisition date through December 31, 2011.

(f) Adjusted EBITDA is the primary measure used by our management to evaluate the company's performance. Adjusted EBITDA is also a key factor that is used by our internal decision makers to evaluate the effectiveness of our management for purposes of annual and other incentive compensation plans. We define EBITDA as earnings before net finance expense, income taxes, depreciation and amortization. As we use the term, Adjusted EBITDA is defined as EBITDA before share-based compensation, impairment, restructuring and other operating items and related-party fees and allocations. Other operating items include (i) gains and losses on the disposition of long-lived assets, (ii) direct acquisition costs, such as 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 internal decision makers believe Adjusted EBITDA is a meaningful measure and is superior to other available EU-IFRS measures because it represents a transparent view of our recurring operating performance that is unaffected by our capital structure and allows management to readily view operating trends and identify strategies to improve operating performance. We believe our Adjusted EBITDA measure is useful to investors because it is one of the bases for comparing our performance with the performance of other companies in the same or similar industries, although our measure may not be directly comparable to similar measures used by other companies. Adjusted EBITDA should be viewed as a measure of operating performance that is a supplement to, and not a substitute for EBIT, net earnings (loss), cash flow from operating activities and other EU-IFRS measures of income or cash flows. A reconciliation of Adjusted EBITDA to net loss is as follows:

	Includes the Kabel BW Group					
	Nine months ended September 30,		For the year ended December 31,			
	2014	2013	2013 historical	2012 historical	2011 pro forma	2011 historical
	in millions					
Adjusted EBITDA	€ 947.2	€ 851.2	€ 1,158.1	€ 1,065.7	€ 964.2	€ 627.7
Depreciation and amortization	(532.7)	(502.2)	(678.6)	(638.9)	(618.2)	(400.9)
Impairment, restructuring and other operating items, net	1.1	(8.5)	(16.2)	(29.7)	(3.9)	(0.6)
Share-based compensation	(1.9)	(1.3)	(2.0)	(1.1)	(0.5)	(0.5)
Related-party fees and allocations	(79.9)	(54.2)	(76.4)	(53.7)	(35.8)	(35.8)
EBIT	333.8	285.0	384.9	342.3	305.8	189.9
Net financial and other expense	(406.2)	(456.1)	(622.2)	(681.9)	(556.9)	(349.4)
Income tax benefit (expense)	(13.3)	(51.0)	(48.4)	80.3	40.7	18.2
Net loss	€ (85.7)	€ (222.1)	€ (285.7)	€ (259.3)	€ (210.4)	€ (141.3)

(g) Property, equipment and intangible asset additions include our capital expenditures on an accrual basis and our vendor financing, capital lease and other non-cash additions.

Certain As Adjusted Covenant Information[(1)]:

	As of and for the six-month period ended December 31, 2014
	in millions
Annualized EBITDA[(2)]	€ 1,260.2
As adjusted total covenant senior net debt[(3)]	€ 4,804.8
As adjusted total covenant net debt[(3)]	€ 6,215.6
Ratio of as adjusted total covenant senior net debt to annualized EBITDA[(2)(3)]	3.81x
Ratio of as adjusted total covenant net debt to annualized EBITDA[(2)(3)]	4.93x

(1) The as-adjusted covenant information presented in the table is as of December 31, 2014, based on the selected preliminary unaudited financial information contained in the "Annexure" beginning on Page A-1 of these Listing Particulars. The information contained in the Annexure is preliminary and has not been reviewed by Unitymedia KabelBW's independent auditors and is subject to change prior

to Unitymedia KabelBW issuing its December 31, 2014 audited consolidated financial statements. See "*Annexure: Unitymedia KabelBW Reports Selected 2014 Results*".

(2) Annualized EBITDA of Unitymedia KabelBW is calculated by multiplying Consolidated EBITDA (as defined in "Description of the Notes" included in these Listing Particulars) for the six months ended December 31, 2014 (€630.1 million) by two. Annualized EBITDA reflects the annualized impact of synergies realized during the six months ended December 31, 2014 in connection with the integration of the Unitymedia Group and the Kabel BW Group. The definition of Consolidated EBITDA differs from the definition of "Consolidated EBITDA" under certain of the indentures governing the Existing Notes.

(3) As adjusted total covenant senior net debt and as adjusted total covenant net debt are calculated in accordance with the "Consolidated Net Leverage Ratio" (as defined in "Description of the Notes" included in these Listing Particulars) and are adjusted to give effect to the November 2014 Financing Transactions, the December 2014 Financing Transactions, the March 2015 SSN Financing Transactions, the issuance of the Notes offered hereby and the Refinancing, as applicable. As adjusted total covenant senior net debt and as adjusted total covenant net debt presented here differ from the calculation of "Indebtedness" under the "Consolidated Leverage Ratio" under certain of the indentures governing the Existing Notes. The amounts shown take into account currency swaps and do not include deferred financing fees, accrued interest, premiums or discounts, and accordingly, may differ from the debt figures that are reported under "*Capitalization of Unitymedia KabelBW*" and "*Selected Consolidated Financial and Operating Data of Unitymedia KabelBW*."

SUMMARY OF THE NOTES

The summary below describes the principal terms of the Notes. It may not contain all the information that is important to you. Certain of the terms and conditions described below are subject to important limitations and exceptions. The "*Description of the Notes*" section of these Listing Particulars contains a more detailed description of the terms and conditions of the Notes, including the definitions of certain terms used in this summary.

Issuer	Unitymedia KabelBW GmbH (the "**Issuer**").
Notes Offered	€700,000,000 aggregate principal amount of 3 ¾% Senior Notes due 2027 (the "**Notes**").
Issue Date	Delivery of Notes in book-entry form occurred on or about March 16, 2015 (the "**Issue Date**").
Issue Price	100.000%.
Interest Rate	3.750%.
Interest Payment Dates	Semi-annually in arrears on each January 15 and July 15, commencing January 15, 2016. Interest accrues from the Issue Date.
Maturity Date	January 15, 2027.
Form of Denomination	Each Note will have a minimum denomination of €100,000 and be in integral multiples of €1,000 in excess thereof. Notes in denominations of less than €100,000 will not be available.
Ranking of the Notes	The Notes: • are senior obligations of the Issuer; • are guaranteed on a senior subordinated basis by the Guarantors (as described under "— Subsidiary Guarantees"); • benefit from the security as described below under "— Security"; • are senior in right of payment to any existing and future subordinated obligations of the Issuer; • rank pari passu in right of payment with any existing and future indebtedness of the Issuer that is not subordinated to the Notes (including the Existing Senior Notes); • are effectively subordinated to any existing and future secured Indebtedness of the Issuer (including the secured guarantee obligations of the Issuer with respect to the Existing Senior Secured Notes, the Unitymedia KabelBW Revolving Credit Facilities and certain hedging obligations) and its subsidiaries to the extent of the value of the assets securing such Indebtedness (unless such assets also secure the Notes on an equal and ratable or prior basis); and • are effectively subordinated to any existing and future Indebtedness of Subsidiaries of the Issuer that are not Guarantors. The Issuer and Guarantors represent more than (i) 95% of the consolidated total assets of Unitymedia KabelBW as of September 30, 2014 and (ii) 95% of the consolidated EBITDA of Unitymedia KabelBW for the nine months ended September 30,

2014.

Subsidiary Guarantees ..... The Notes are guaranteed (each, a "**Subsidiary Guarantee**" and together, the "**Subsidiary Guarantees**") on a senior subordinated basis by Unitymedia Hessen GmbH & Co. KG, Unitymedia Hessen Verwaltung GmbH, Unitymedia NRW GmbH, Unitymedia Management GmbH, UPC Germany NewCo GmbH, and Kabel BW GmbH (the "**Guarantors**"). The Notes are also guaranteed on a senior subordinated basis by each other subsidiary of the Issuer that guarantees the Existing Senior Notes or certain other indebtedness of the Issuer or the Guarantors. The Subsidiary Guarantees will be subject to contractual and legal limitations and may be released under certain circumstances as described under the heading "*Description of the Notes — Ranking of the Notes, Subsidiary Guarantees and Security*".

Ranking of the Subsidiary Guarantees ..... Each Subsidiary Guarantee:

- is a senior subordinated obligations of each Guarantor;
- has the benefit of security as described below under "— Security";
- is subordinated in right of payment to all existing and future senior indebtedness of each Guarantor (including indebtedness incurred by the Guarantors under the Unitymedia KabelBW Revolving Credit Facilities, the Existing Senior Secured Notes and certain hedging obligations);
- ranks pari passu in right of payment with all existing and future senior subordinated indebtedness of each Guarantor (including the guarantees of the Existing Senior Notes);
- is effectively subordinated to all existing and future senior secured indebtedness of the Guarantors to the extent of the value of the assets securing such indebtedness (unless such assets also secure the Subsidiary Guarantees on an equal and ratable or prior basis); and
- is senior in right of payment to all future obligations of the Guarantors expressly subordinated to the guarantee of the Notes.

The Subsidiary Guarantees are subject to the terms of the Group Intercreditor Agreement, including payment blockage upon a senior default and standstills on enforcement. See "*Description of Other Indebtedness — Intercreditor Agreements — Group Intercreditor Agreement*".

The Subsidiary Guarantees are subject to release under certain circumstances, including upon the sale of a guarantor, if certain conditions are met. See "*Description of the Notes — Ranking of the Notes, Subsidiary Guarantees and Security*".

As of September 30, 2014, on an as adjusted basis after giving effect to the issuance of the Notes and the application of the proceeds thereof (including the Refinancing) and the November 2014 Financing Transactions, the December 2014 Financing Transactions and the March 2015 SSN Financing Transactions, the Guarantors and their consolidated subsidiaries would have had €5,087.0 million (equivalent) carrying value of indebtedness which is senior to the

Notes and the Existing Senior Notes.

Security and Intercreditor Agreements .....

No later than December 31, 2015 (such grant date, the "**Collateral Grant Date**"), the Notes will be secured by the same property and assets that secure the Existing Senior Notes (as defined herein (the "**Collateral**"). The Collateral will consist of (i) a pledge (the "**Issuer Share Pledge**") over the capital stock of the Issuer which, after giving effect to the Holdco Intercreditor Agreement (as defined herein) and the Refinancing (as defined herein), will contractually rank equally and ratably with the Existing Senior Notes and (ii) certain junior ranking pledges over the capital stock of Unitymedia Hessen, Unitymedia Verwaltung and Unitymedia Management. The Collateral will also consist of, initially, a pledge over claims under certain domination and/or profit and loss absorption agreements by Unitymedia Management, Unitymedia NRW and Unitymedia Verwaltung (the "**Additional Collateral**"), provided that the Additional Collateral is expected to be released at such time as all other liens on the Additional Collateral securing other indebtedness having equal or substantially equal lien priority to the Notes and the Subsidiary Guarantees, as the case may be (taking into account the Group Intercreditor Agreement), are simultaneously released in accordance with the terms of such indebtedness. Prior to the Collateral Grant Date, the Notes are unsecured. Pursuant to the Group Intercreditor Agreement (as defined herein), the proceeds from any enforcement of Collateral provided by the Guarantors will be applied to repay indebtedness outstanding under the Unitymedia KabelBW Revolving Credit Facilities, the Existing Senior Secured Notes, certain hedging obligations and certain other future senior secured indebtedness of the Guarantors in priority to the Notes and the Existing Senior Notes. See "*Description of the Notes — Ranking of the Notes, Subsidiary Guarantees and Security*".

As a matter of German law, the pledges to be granted to the Security Trustee in relation to the Notes rank junior to any pledges previously granted over the Collateral, as described under "*Description of the Notes — Ranking of the Notes, Subsidiary Guarantees and Security*". However, after giving effect to the Refinancing, the terms of the Holdco Intercreditor Agreement, will provide that the benefit of the senior ranking share pledge on the capital stock of the Issuer granted in favor of the 2014 UM Senior Notes and the junior ranking Issuer Share Pledge to be granted in favor of the Notes is shared equally and ratably with the 2014 UM Senior Notes and the Notes. Furthermore, the intercreditor agreement dated November 20, 2009 (as amended and supplemented from time to time, the "**Group Intercreditor Agreement**"), which is also applicable to the Unitymedia KabelBW Revolving Credit Facilities, counterparties under certain hedging obligations, the Existing Senior Secured Notes and the Existing Senior Notes, provides that the proceeds of any enforcement of the Collateral (other than the Issuer Share Pledge) will be applied to repayment of the Unitymedia KabelBW Revolving Credit Facilities, the Existing Senior Secured Notes and certain hedging obligations prior to being applied to repayment of the Notes and the Existing Senior Notes. This contractual arrangement is subject to certain limitations under German law. See "*Description of Other Indebtedness — Intercreditor Agreements*".

The security interests created in the Collateral are subject to contractual limitations due to German capital maintenance laws and may be released in certain circumstances. See "*Risk Factors — Risks Relating to the Notes*" and "*Description of the Notes — Ranking of*

	the Notes, Subsidiary Guarantees and Security".
	The Collateral will be subject to release under certain circumstances if certain conditions are met. See "*Description of the Notes — Ranking of the Notes, Subsidiary Guarantees and Security*".
Additional Amounts; Tax Redemption	All payments in respect of the Notes or a Subsidiary Guarantee will be made without withholding or deduction for any taxes or other governmental charges, except to the extent required by law. If withholding or deduction is required by law, subject to certain exceptions, the Issuer or the relevant Guarantor will pay Additional Amounts (as defined below under "*Description of the Notes — Withholding Taxes*") so that the net amount you receive is no less than that which you would have received in the absence of such withholding or deduction. See "*Description of the Notes — Withholding Taxes*". The Issuer may redeem the Notes in whole, but not in part, at any time, upon giving prior notice, if certain changes in tax law impose certain withholding taxes on amounts payable on the Notes, and, as a result, the Issuer or the relevant Guarantor is required to pay Additional Amounts with respect to such withholding taxes. If the Issuer decides to exercise such redemption right, it must pay you a price equal to the principal amount of the Notes plus interest and Additional Amounts, if any, to the date of redemption. See "*Description of the Notes — Optional Redemption — Redemption for Taxation Reasons*".
Escrow of Proceeds; Special Mandatory Redemption	The Initial Purchasers, concurrently with the issuance of the Notes on the Issue Date, deposited the Escrowed Proceeds into the Escrow Accounts, each in the name of the Trustee, on behalf of the holders of the Notes, pursuant to the Escrow Agreement entered into on the Issue Date between the Issuer, the Trustee and the Escrow Agent. The Escrow Agent shall release the Escrowed Proceeds upon the satisfaction of certain conditions precedent, as further set out in the Escrow Agreement. If the conditions to the release of the Escrowed Proceeds have not been satisfied on or prior to the Longstop Date, the Notes are subject to a special mandatory redemption at a redemption price equal to 100% of the aggregate initial issue price of the Notes plus accrued and unpaid interest from the Issue Date to such special mandatory redemption date and additional amounts, if any. See "*Description of the Notes — Escrow of Proceeds; Special Mandatory Redemption*".
Optional Redemption	The Issuer may redeem all or part of the Notes on or after January 15, 2021, at the redemption prices as described under "*Description of the Notes — Optional Redemption — Optional Redemption on or after January 15, 2021*".
	Prior to January 15, 2021, the Issuer may redeem all or part of the Notes by paying a "make whole" premium as described under "*Description of the Notes — Optional Redemption — Optional Redemption prior to January 15, 2021*".
	Prior to January 15, 2018, the Issuer may on one or more occasions use the net proceeds of specified equity offerings to redeem up to 40% of the principal amount of the Notes at the redemption price as described under "*Description of the Notes — Optional Redemption — Optional Redemption upon Equity Offerings*".

Special Optional Redemption; UPC Exchange Transaction ..... At any time on or after the 12-month anniversary of the Issue Date but on or prior to the 60-month anniversary of the Issue Date, the Issuer may, at its option, following completion of a UPC Exchange Transaction, redeem all, but not less than all, of the Notes issued under the Indenture upon not less than 10 nor more than 60 days' notice (which notice of redemption shall be given no later than 10 business days following the completion of such UPC Exchange Transaction, as the case may be), at a redemption price (expressed as a percentage of the principal amount thereof) of:

(1) 101% (if such redemption is on or before the 24-month anniversary of the Issue Date); or

(2) 102% (if such redemption is after the 24-month anniversary of the Issue Date),

in each case, plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

"**UPC Exchange Transaction**" has the meaning set forth under "*Description of the Notes — Certain Definitions*".

Change of Control ..... If the Issuer experiences a change of control (as defined in the Indenture) at any time, it will be required to offer to repurchase the Notes at 101% of their aggregate principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of the purchase. See "*Description of the Notes — Certain Covenants — Change of Control*".

Certain Covenants ..... The Indenture partially limits, among other things, the ability of the Issuer and its Restricted Subsidiaries to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- pay dividends, redeem capital stock and make certain investments;
- make certain other restricted payments;
- create or permit to exist certain liens;
- impose restrictions on the ability of subsidiaries to pay dividends or make other payments to the Issuer;
- transfer, lease or sell certain assets including subsidiary stock;
- merge or consolidate with other entities;
- enter into certain transactions with affiliates; and
- impair the security interests for the benefit of the holders of the Notes.

Each of these covenants is subject to a number of significant exceptions and qualifications. See "*Description of the Notes — Certain Covenants*" and the related definitions.

Transfer Restrictions ..... The Notes have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction. The

	Notes are subject to restrictions on transfer and may only be offered or sold in transactions that are exempt from or not subject to the registration requirements of the U.S. Securities Act. See "*Transfer Restrictions*".
No Prior Market	The Notes are new securities for which there is currently no market. Although the Initial Purchasers have informed us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market making at any time without notice. Accordingly, the Issuer cannot assure you that an active trading market for the Notes will develop or be maintained.
Listing	Application has been made for the Notes to be admitted to listing and to trading on the Euro MTF Market of the Luxembourg Stock Exchange. See "*Description of the Notes — Certain Covenants — Listing*".
Governing Law for the Notes, the Subsidiary Guarantees and the Indenture	New York law.
Governing Law for the Security Documents	German law.
Trustee	The Bank of New York Mellon, London Branch.
Principal Paying Agent	The Bank of New York Mellon, London Branch.
Transfer Agents	The Bank of New York Mellon, London Branch and The Bank of New York Mellon (Luxembourg) S.A.
Registrar and Listing Agent	The Bank of New York Mellon (Luxembourg) S.A.
Security Trustee	Credit Suisse, London Branch.
Use of proceeds	The net proceeds from the sale of the Notes will be used to fund the Refinancing, including the related redemption premium, and for general corporate purposes. See "*Use of Proceeds*".
Risk factors	Investing in the Notes involves substantial risks. Please see the "*Risk Factors*" section for a description of certain of the risks you should carefully consider before deciding whether to invest in the Notes.
Certain U.S. federal income tax consequences	A Note may be treated as having been issued with original issue discount for U.S. federal income tax purposes. An obligation generally is treated as having been issued with original issue discount if its stated redemption price at maturity exceeds its issue price by at least a *de minimis* amount. If a Note is treated as issued with original issue discount, U.S. investors will be subject to tax on that original issue discount as it accrues, in advance of the receipt of cash payments attributable to that income (and in addition to stated interest). You are urged to consult your own tax advisors with respect to the U.S. federal, state, local and non-U.S. tax considerations related to purchasing, owning and disposing of the Notes. See "*Certain Tax Considerations — Certain U.S. Federal Income Tax Considerations*".
Certain ERISA considerations	The Notes and/or any interest therein may, subject to certain restrictions described herein under "*Certain Employee Benefit Plan Considerations*", be sold and transferred to ERISA Plans (as defined

in these Listing Particulars). See "*Certain Employee Benefit Plan Considerations*".

RISK FACTORS

An investment in the Notes involves risks. Before purchasing the Notes, you should consider carefully the specific risk factors set forth below, as well as the other information contained in these Listing Particulars. If any of the events described below, individually or in combination, were to occur, this could have a material adverse impact on our business, prospects, results of operations and financial condition and could therefore have a negative effect on the trading price of the Notes and our ability to pay all or part of the interest or principal on the Notes. Although described below and elsewhere in this document are the risks considered to be the most material, there may be other unknown or unpredictable economic, business, competitive, regulatory or other factors that also could have material adverse effects on our results of operations, financial condition, business or operations in the future. In addition, our past financial performance may not be a reliable indicator of our future performance and historical trends should not be used to anticipate results or trends in future periods.

These Listing Particulars also contain forward looking statements that involve risks and uncertainties. Actual results may differ materially from those anticipated in these forward looking statements as a result of various factors, including the risks described below and elsewhere in these Listing Particulars. Please see "Forward-Looking Statements".

Risks Relating to Our Financial Profile

Our substantial leverage could adversely affect our business, financial condition and results of operations and prevent us from fulfilling our obligations under the Notes.

We are highly leveraged. As of September 30, 2014, on a pro forma basis, after giving effect to the November 2014 Financing Transactions, the December 2014 Financing Transactions, the March 2015 SSN Financing Transactions, the issuance of the Notes offered hereby and the Refinancing, the carrying amount of our total consolidated third party debt and finance lease obligations would have been approximately €6,516.0 million (equivalent). Of this pro forma indebtedness, (i) €712.6 million represents the outstanding carrying amount of the Existing Senior Notes, including the dollar-denominated 2014 UM Senior Notes, which has been converted into euros as at the September 30, 2014 exchange rate of 1.2629, (ii) €4,502.3 million represents the outstanding carrying amount of the Existing Senior Secured Notes (iii) €500.0 million represents the carrying amount of the March 2015 Unitymedia KabelBW Senior Secured Notes and (iv) €700.0 million represents the carrying amount of the Notes offered hereby. In addition, we also have the ability to borrow under the Unitymedia KabelBW Revolving Credit Facilities. At September 30, 2014, on a pro forma basis, after giving effect to the November RCF Drawdown, the December 2014 RCF Prepayment and the March 2015 RCF Prepayment, the Senior Revolving Credit Facility and the Super Senior Revolving Credit Facility would have been undrawn.

We may incur substantial additional debt in the future. Any debt that we incur at a subsidiary of the Issuer that is not a Guarantor would be structurally senior to the Notes, and other debt incurred by the Guarantors could be contractually senior, secured or could mature prior to the Notes. Although the Unitymedia KabelBW Revolving Credit Facilities and the indentures governing the Notes and the Existing Notes contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. If new debt is added to our and our subsidiaries' existing debt levels, the related risks that we now face would increase. In addition, the aforementioned indentures and the Unitymedia KabelBW Revolving Credit Facilities will not prevent us from incurring obligations that do not constitute indebtedness under those agreements.

Further, the indentures governing the Notes and the Existing Notes and the Unitymedia KabelBW Revolving Credit Facilities each allow us, in certain circumstances, to make dividend payments and to make other distributions under the applicable covenants thereunder limiting restricted payments or make minority investments or investments in joint ventures. See the discussions under the heading "*Description of Other Indebtedness*" for further information about our substantial debt.

Our high level of debt could have important consequences for you as a holder of the Notes including, but not limited to:

- making it more difficult for us to satisfy our obligations under the Notes;
- requiring us to dedicate a substantial portion of our cash flows from operations to payments on our debt, thereby reducing the funds available to us to finance our operations, capital expenditures,

working capital, research and development and other general corporate purposes, including maintaining the quality of our network and product performance;

- placing us at a competitive disadvantage compared to other broadband communications providers in Germany that have less debt than we do;
- limiting our flexibility in planning for, or reacting to, changes in our business and the competitive and economic environment in which we operate; and
- impeding our ability to obtain additional debt or equity financing, and increasing the cost of any such borrowing.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including our ability to satisfy our obligations under the Notes offered hereby.

In addition, the Unitymedia KabelBW Revolving Credit Facilities and the indentures governing the Notes and the Existing Notes contain financial and other restrictive covenants that will limit our ability to engage in activities that may be in our long term best interests, including, among other things, borrowing additional funds. These restrictions are subject to significant exceptions. Our failure to comply with such covenants could result in an event of default under the Unitymedia KabelBW Revolving Credit Facilities, the Existing Notes and/or the Notes offered hereby, which, if not cured or waived, could result in the acceleration of all our debts or have a similar material adverse effect on us.

We may incur substantial additional debt in the future, including in connection with any future acquisition. In connection with our financial strategy, we continually evaluate different financing alternatives, and we may decide to enter into new credit facilities, or incur other indebtedness from time to time, including during the period following the consummation of this offering. If we incur new debt in addition to our current debt, the related risks that we now face, as described above and elsewhere in these "*Risk Factors*", could intensify.

We may incur additional indebtedness prior to, or within a short time period following, the Issue Date of the Notes, which indebtedness could increase our leverage and may have terms that are more or less favorable than the terms of the Notes and our other existing indebtedness.

We or our subsidiaries may incur substantial additional debt, including in connection with a refinancing of our existing debt, to fund any future acquisition or for general corporate purposes. In connection with our financial strategy, we continually evaluate different financing alternatives, and we may decide to enter into new credit facilities, access the debt capital markets or incur other indebtedness from time to time, including following the consummation of this offering and prior to, or within a short time period following, the Issue Date of the Notes. Any such offering or incurrence of debt will be made at our election or the election of our relevant subsidiaries, and if such debt is in the form of securities, would be offered and sold pursuant to, and on the terms described in, a separate offering memorandum. The interest rate with respect to any such additional debt will be set at the time of the pricing or incurrence of such debt and may be less than or greater than the interest rate applicable to the Notes and our other existing debt, including, in the case of a refinancing, the debt that is being refinanced, which would have a corresponding effect on our cash interest expense on a pro forma basis. In addition, the maturity date of any such additional debt will be set at the time of pricing or incurrence of such debt and may be earlier or later than the maturity date of the Notes and our other existing debt. The other terms of such additional debt would be as agreed with the relevant lenders or holders thereof and could be more or less favorable than the terms of the Notes or our other existing indebtedness. There can be no assurance that we or our subsidiaries will elect to raise any such additional debt or that any effort to raise such debt will be successful, and there can be no assurance as to the timing of such offering or incurrence, the amount or terms of any such additional debt. If we incur new debt in addition to our current debt, the related risks that we now face, even in a refinancing transaction, as described above and elsewhere in these "*Risk Factors*", could intensify.

Our substantial leverage could limit our ability to obtain additional financing and have other adverse effects.

We seek to maintain our debt at levels that provide for attractive equity returns without assuming undue risk. In this regard, we generally seek to maintain our debt at levels that result in a consolidated debt balance that is between four and five times our Adjusted EBITDA (see note (f) to the Summary Financial and Operating Data of the Issuer included in these Listing Particulars under "*Summary — Summary Financial and Operating Data of Unitymedia KabelBW — Unitymedia KabelBW Summary Operating Data*"). At September 30, 2014, on a pro forma basis, after giving effect to the November 2014 Financing Transactions, the December 2014 Financing Transactions, the March 2015 SSN Financing Transactions, the issuance of the Notes offered hereby

and the Refinancing, the carrying amount of our total third-party consolidated outstanding debt and finance lease obligations was approximately €6,516.0 million (equivalent), of which €79.6 million is due over the next 12 months. We believe that we have sufficient resources to repay or refinance the current portion of our debt and finance lease obligations and to fund our foreseeable liquidity requirements during the next 12 months. However, as our debt maturities grow 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 refinance or otherwise extend our debt maturities in light of current market conditions. In this regard, it is not possible to predict how economic conditions, sovereign debt concerns and/or any adverse regulatory developments could impact the credit markets we access and, accordingly, our future liquidity and financial position.

Our ability to service or refinance our debt and to maintain compliance with our leverage covenants is dependent primarily on our ability to maintain or increase our Adjusted EBITDA and to achieve adequate returns on our capital expenditures and acquisitions. Accordingly, if our Adjusted EBITDA declines or we encounter other material liquidity requirements, we may be required to seek additional debt financing in order to meet our debt obligations and other liquidity requirements as they come due. In addition, our current debt levels may limit our ability to incur additional debt financing to fund working capital needs, acquisitions, capital expenditures, or other general corporate requirements. We can give no assurance that any additional debt financing will be available on terms that are as favorable as the terms of our existing debt or at all.

We are subject to debt covenants that could adversely affect our ability to finance our future operations and capital needs and to pursue business opportunities and activities.

The indentures governing the Notes, the Existing Notes and other agreements governing our indebtedness (including the Unitymedia KabelBW Revolving Credit Facilities) contain covenants that significantly restrict our ability to, among other things:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- pay dividends, redeem capital stock and make certain investments;
- make certain other restricted payments;
- create or permit to exist certain liens;
- impose restrictions on the ability of our subsidiaries to pay dividends or make other payments to us;
- transfer, lease or sell certain assets including subsidiary stock;
- merge or consolidate with other entities;
- enter into certain transactions with affiliates;
- enter into unrelated businesses; and
- impair the security interests for the benefit of the holders of the Notes.

All of these limitations will be subject to significant exceptions and qualifications, including the ability to pay dividends, make investments or to make significant prepayments of shareholder debt. However, these covenants could limit our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest.

In addition to limiting our flexibility in operating our business, the breach of any covenants or obligations under the agreements governing our debt will result in a default under the applicable debt agreement and could trigger acceleration of the related debt. Such a default or acceleration could in turn trigger defaults under other agreements governing our debt. A default under the agreements governing our other debt could materially adversely affect our growth, our financial condition and results of operations and result in us not having sufficient assets to make payments on the Notes. See "*Description of Other Indebtedness*".

Borrowings under the Unitymedia KabelBW Revolving Credit Facilities bear interest at floating rates that could rise significantly, increasing our costs and reducing our cash flow.

Borrowings under the Unitymedia KabelBW Revolving Credit Facilities bear interest at a floating rate of interest per annum equal to EURIBOR, as adjusted periodically, plus a spread. These interest rates could rise significantly in the future. Although we may enter into derivative transactions to manage exposure to movements in interest rates on the Unitymedia KabelBW Revolving Credit Facilities, there can be no assurance that we will be able to do so at a reasonable cost or at all. If we are unable to effectively manage our interest rate

exposure through derivative transactions, any increase in market interest rates would increase our interest rate exposure and debt service obligations, which would exacerbate the risks associated with our leveraged capital structure. At September 30, 2014, on a pro forma basis, after giving effect to the November RCF Drawdown, the December 2014 RCF Prepayment and the March 2015 RCF Prepayment, the Senior Revolving Credit Facility and the Super Senior Revolving Credit Facility would have been undrawn. For additional information, see *"Summary — Recent Developments*".

We are exposed to various foreign currency exchange rate risks.

The functional currency of our operations is the euro. Accordingly, we are exposed to foreign currency exchange risk with respect to our dollar denominated debt, which includes the December 2012 Unitymedia KabelBW Dollar Senior Secured Notes, 2014 UM Senior Notes and the December 2014 Unitymedia KabelBW Dollar Senior Secured Notes. Although we generally seek to match the denomination of our borrowings, and the borrowings of our subsidiaries, with the euro, market conditions or other factors may cause us to enter into borrowing arrangements that are not denominated in the euro. With respect to the December 2012 Unitymedia KabelBW Dollar Senior Secured Notes, we have entered into cross-currency swaps to synthetically convert the interest and principal payments due under such notes into euros throughout the term of the December 2012 Unitymedia KabelBW Dollar Senior Secured Notes. With respect to the 2014 UM Senior Notes and the December 2014 Unitymedia KabelBW Dollar Senior Secured Notes, we have entered, or will be entering, into currency swaps to synthetically convert the interest and principal payments due under such notes into euro for a period up until the respective first par call date of such notes.

We may be unable to fully deduct interest on our financial liabilities.

We have entered and will enter into numerous debt financing arrangements with third parties as well as with group companies and/or affiliated companies. These debt financings require us to pay principal and interest. Interest expense is generally subject to the interest barrier rules (*Zinsschranke*) in Germany. These rules limit the deductibility of the net interest expense of a business to an amount equal to 30% of the tax-adjusted "EBITDA" (as defined under applicable tax law) of the business, unless certain exceptions apply. For purposes of the interest barrier rules, all businesses belonging to the same German fiscal unity (*Organschaft*) for corporate income and trade tax purposes are treated as one single business. Any net interest expense which is non-deductible under the interest barrier rules can be carried forward and, subject to various restrictions, might be deductible in future years. There are certain exceptions from the limitations of the interest barrier rules, in particular the so called escape clause, which we believe is to some extent applicable to the relevant businesses of our group for 2013. It cannot be predicted whether the tax authorities share this view and whether we can rely upon the application of the escape clause in 2015 for 2014 or future periods. Rather, the effect of the interest barrier rules on our businesses is uncertain. The deductibility of our net interest expense depends in particular on our ability to generate future tax EBITDA to allow for interest deductibility and on the application of the escape clause.

In some cases the extent to which the limitations of the interest barrier rules apply to net interest expense may depend on whether the underlying debt funding can be allocated to the special business assets (*Sonderbetriebsvermögen*) of Unitymedia Hessen to thus benefit from the EBITDA volume generated by Unitymedia Hessen and those of its subsidiaries belonging to a fiscal unity for corporate income and trade tax purposes with Unitymedia Hessen. If in these instances the debt funding is not allocated to the special business assets (*Sonderbetriebsvermögen*) of Unitymedia Hessen the tax effective deduction of the net interest expense may be disallowed under the interest barrier rules.

Irrespective of the interest barrier rules, interest may not be deductible for tax purposes if and to the extent (i) proceeds from the underlying financial liabilities would be deemed by tax authorities to be used for the cash funding of profit withdrawals or capital withdrawals made by Unitymedia Hessen to its partners or (ii) there are or have been withdrawals or deemed withdrawals exceeding the amount of the profits of Unitymedia Hessen in the respective business year plus any contributions (so-called excessive withdrawals or *Überentnahmen*), as calculated in accordance with specific provisions in the German Income Tax Act (*Einkommensteuergesetz*). We do not intend to use the proceeds for the cash funding of profit or capital withdrawals. However, tax authorities may tend to deem any profit or capital withdrawals as being funded by such proceeds. Moreover, we cannot rule out that tax authorities may try to assume excessive withdrawals at some point in time.

Also, under the general add-back rules for trade tax purposes, 25% of interest expense deductible for corporate income tax purposes is added back for trade tax purposes. For instance, if debt funding is obtained by and passed on to other German companies of our group, this results in trade tax leakages.

Any limitation of the deductibility of interest expense may result in a higher tax burden for future periods as well as past periods which could have a material adverse effect on our cash flows, financial condition and results of operations.

We may be unable to fully set off taxable losses against taxable profits within our group.

We may incur corporate income tax and trade tax on different levels of our group, notwithstanding the fact that we may suffer losses on a consolidated basis. Different fiscal unities (*Organschaften*) have been established in our group. Taxable profits and losses of separate fiscal unities cannot be set off against each other. Additionally, tax loss carry forwards incurred in periods before a company joins a fiscal unity as a dominated company (*Organgesellschaft*) cannot be used to shelter group profits. Also, German tax law only allows us to shelter 60% of positive current income by the use of tax loss carryforwards (to the extent that such positive income exceeds the amount of €1 million). The existence of separate fiscal unities also results in certain interest on our group's external and internal debt instruments being subject to different rules and limitations with respect to corporate income tax purposes, and the amount of cash needed by our group for paying income tax may increase due to these limitations.

Tax loss carryforwards, current losses and interest carryforwards of the Issuer may not be realized, which would result in significantly higher tax liabilities, which could adversely affect our business.

We have tax loss carryforwards and interest carryforwards for German tax purposes ("**Carryforward Losses**"). Taking into account their development until and including September 30, 2014, tax loss carryforwards for corporate income tax and trade tax purposes amounted to approximately €932.8 million and €1,213.2 million, respectively, for the Issuer (including approximately €741.0 million and €322.9 million, respectively, for the Kabel BW Group) and interest carryforwards amounted to approximately €134.7 million for the Issuer (nil for the Kabel BW Group). These Carryforward Losses can, subject to certain restrictions and limitations as to use and realizability, reduce future taxable income. A tax loss carryforward is the sum of the tax losses that the applicable company incurred during a prior tax assessment period and that such company was unable to set off against positive income. An interest carryforward represents the total tax net interest expenses that the applicable company was unable to deduct for tax purposes in prior years under the interest barrier rules (*Zinsschranke*).

These Carryforward Losses as well as current tax losses could be forfeited in the future due to the transfer of the shares or voting rights (either directly or indirectly, through purchase or subscription) to a single acquirer, persons related to such acquirer, or a group of acquirers whose interests are aligned ("**Single Purchaser**") or due to a comparable change of ownership in the applicable company. In more detail, the following applies: If within five years more than 25%, but not more than 50% of the shares or voting rights were transferred to a Single Purchaser, or if a comparable change of ownership occurred, the Carryforward Losses as well as current tax losses incurred until the transfer takes place would be lost in proportion to the percentage of shares or voting rights transferred. If more than 50% of the shares or voting rights were transferred in the above sense, all existing Carryforward Losses and current tax losses incurred until the transfer takes place would be lost. With effect as of January 1, 2010, certain exemptions to such loss cancellation rules have been introduced, namely for certain group transactions (*Konzernklausel*) as well as to the extent (taxable) built-in gains (*Verschonungsregelung*) exist in the respective company's assets.

Notwithstanding the existence of built-in gains and the group transaction exemption there is a risk that Carryforward Losses and current tax losses, in whole or in part, may have been forfeited upon the LG/Unitymedia Transaction and the LG/KBW and the LG/Virgin Media Transaction and the further reorganization measures implemented or initiated in our group (such as the past mergers and reorganizations in the Unitymedia Group and Kabel BW Group). Further, reorganization measures that may be implemented in our group in the future, such as mergers, could jeopardize the application of the above exemptions and thus risk the survival of Carryforward Losses and current tax losses of the applicable company. Such reorganization measures could also result in the forfeiture of trade tax losses, as their survival depends on a certain level of identity of the taxpayer and the business (*Unternehmer- und Unternehmensidentität*) who have incurred the trade tax losses and who intend to use them.

Any reduction or cancellation of our Carryforward Losses and current tax losses may result in a higher tax burden for future periods as well as past periods which could have a material adverse effect on our cash flows, financial condition and results of operations. In addition, any forfeiture of tax loss carryforwards might require a write-down of our deferred tax assets.

Our tax liabilities may change due to tax audits.

We are subject to tax audits on a regular basis. The completed tax audits at Unitymedia Group related to corporate income tax, trade tax and value- added-tax ("**VAT**") and covered the financial years 2000-2004 with respect to Unitymedia, Unitymedia Management GmbH, Unitymedia Hessen and Unitymedia NRW and the financial years 2001-2004 with respect to Unitymedia Services. The tax assessment notices regarding these tax audits have been issued and the respective back taxes have been paid. Tax audits relating to corporate income tax, trade tax and VAT and covering the financial years 2005-2007 commenced in 2010 and were finalized in 2013. The tax audit reports regarding this audit and the tax assessments were issued. However, a court of appeals proceeding was pending relating to the tax assessment for 2007 of Unitymedia Hessen during the tax audit process. The dispute was decided by the Federal Tax Court (*Bundesfinanzhof*). The written opinion was issued in June 2014 and was in favor of Unitymedia Hessen. Therefore, the tax authorities now must consider the impact of the Federal Tax Court's decision in both the tax audit reports and the tax assessments. This process has not been finalized and Unitymedia has not received the adjusted assessments for financial years 2005-2007 yet. Tax audits relating to corporate income tax, trade tax and VAT covering the financial years 2008-2010 commenced in 2013 and are currently ongoing.

Kabel BW's most recently completed tax audits relate to corporate income tax, trade tax, wage tax and VAT for the financial years up to and including 2006. These tax audits were finalized in 2009 and 2012, respectively. The revised tax assessment notices related to the tax audit finalized in 2009 were issued and the respective back taxes were paid. Tax audits related to wage tax have been completed for the fiscal years up to and including 2009. Tax audits relating to corporate income tax, trade tax and VAT covering the financial years 2008-2010 commenced in 2013 and are currently being finalized.

As a result of the ongoing tax audits or future tax audits, additional taxes could be assessed on us or any of our subsidiaries. For instance, additional taxes could result from the tax authorities challenging specific structures implemented, the multi-tier holding structures, the financings and financing-related measures, inter-company charges as well as the reorganizations within our group.

Further, additional taxes and/or social insurance contributions could be triggered to the extent external service providers would be regarded as employees of our group for tax purposes.

Provisions and liabilities for taxes are included in the consolidated balance sheet of our group which cover existing tax exposures including those of the ongoing tax audits. It cannot be ruled out that tax payment obligations arising from a current or future tax audit will exceed the amount (then) accounted for as a tax provision or liability. Any additional taxes and other duties could have a significant adverse effect on our cash flows, financial condition and results of operations.

Risks Relating to Our Industry and Our Business

We operate in competitive industries, and competitive pressures could have a material adverse effect on our business.

The video, broadband internet and telephony services markets in Germany are highly competitive and rapidly evolving. We face significant competition from established and new competitors. In some instances, we compete against companies with greater scale, easier access to financing, more comprehensive product offerings, greater personnel resources, greater brand name recognition and experience or longer-established relationships with regulatory authorities and customers. These companies may in some cases have fewer regulatory burdens with which they are required to comply, because, among other reasons, they use different technologies to provide their services, do not own their direct access network or are not subject to obligations applicable to operators with significant market power. Such obligations may include pricing restrictions or the obligation to provide access to the network.

The nature and level of the competition we face vary for each of the products and services we offer. Our video cable service competes directly with traditional over-the-air broadcast television services, direct to home ("**DTH**") satellite providers, digital terrestrial video broadcast ("**DVB-T**"), and telecommunications carriers such as Deutsche Telekom, that use DSL technologies. Over-the-top ("**OTT**") video content providers, which deliver television signals as a video stream on top of third parties' broadband internet access services, also compete with our video cable service, in particular our pay-per-view and VoD services. Digital and analog video reception via satellite is common in the German television market and satellite companies such as Sky Deutschland, SES S.A.'s Astra ("**SES Astra**") and Eutelstat Communications S.A. are increasing their services and offerings to compete with our video services. Satellite has certain competitive advantages over cable

television, including the ability to offer a wider range of programs to a wider geographic area, especially in rural areas. Deutsche Telecom and other telecommunications carriers are upgrading DSL with very high bit rate DSL ("**VDSL**"), vectored VDSL and fiber-to-the-home ("**FTTH**"). The increased bandwidth and download speeds offered by these technologies allows the internet to serve as a platform for the distribution of IPTV and VoD services.

We also face competition for MDU contracts from housing associations, municipal carriers and Professional Operators (also referred to as Level 4 Operators). Professional Operators typically enter into long-term contracts with housing associations and may have greater flexibility in their pricing strategies. Moreover, in 2011 Deutsche Telekom re-entered the cable video market by marketing its service to MDUs. In December 2011, Deutsche Telekom announced that it had contracted with a large housing association to connect 171,000 units throughout Germany to its fiber-based network, and in August 2012 it agreed with a Professional Operator to provide its services to approximately 33,000 units in Hannover and surroundings (not in our footprint) beginning in April 2013. In July 2013, Deutsche Telekom also announced its entry into contracts with two housing associations in our KabelBW footprint, and plans to switch over approximately 14,000 of our video subscribers and a number of advanced services to its network by the end of 2014. In March 2014, Deutsche Telekom announced a cooperation with housing association Howoge to provide its services to about 26,000 units in Lichtenberg (not in our footprint) starting in October 2014. We expect to experience more competition in the MDU market segment from Deutsche Telekom and alternative providers. In addition, in connection with the LG/KBW Transaction, we granted early termination rights on certain agreements we have with the largest housing associations and which have a remaining term of more than three years. We cannot assure you that we will be able to negotiate new agreements with such housing associations on terms that are as favorable to us as the existing contracts, or at all. Accordingly, the termination of these bulk agreements could have a material adverse effect on our business, financial condition and results of operations. See "*Regulatory — LG/KBW Transaction Imposed Conditions*".

In the provision of broadband internet and telephony services, we experience competition from incumbent telephone providers, resellers, alternative carriers and mobile network operators. In Germany, DSL is currently the dominant technology and Deutsche Telekom is the largest service provider with 12.3 million subscribers as of September 30, 2014. Deutsche Telekom has the advantage of a nationwide network and greater resources. In addition, mobile broadband services have been launched by mobile network operators, which will compete with our broadband internet service. The mobile services business in Germany is highly competitive, with four major network operators, each with their own mobile access network. We expect to continue to face significant competition in prices and service offerings in our broadband internet and telephony markets.

We expect the level of competition to continue to increase as a result of changes in the regulatory framework of the businesses in which we operate, advances in technology, the influx of new market entrants and strategic alliances and cooperative relationships among industry participants. Furthermore, Deutsche Telekom confirmed in August 2014 its earlier announced plans to do an extensive VDSL roll-out in the next few years in order to cover approximately 65% of German homes with VDSL by 2016. At the same time, Deutsche Telekom already started implementing vectoring technology in certain VDSL areas, enhancing maximum broadband speeds to up to 100 Mbps from currently up to 50 Mbps. We estimate that Deutsche Telekom will have overbuilt nearly all of our footprint with VDSL at the end of 2016, and therefore the competitiveness of Deutsche Telekom and other competitors using this vectoring technology (via bit stream access agreements) will increase. Competition can make it difficult to attract new customers and retain existing customers, thereby increasing churn levels, and may lead to increased price pressure. Prices for products and services offered to customers in the telecommunications and broadband services markets in Germany have decreased sharply in recent years, especially in the telephony market, and may continue to decrease in the future. Increasing competitive pressure and technological progress may cause prices for telecommunications and broadband services to continue to decline sharply. There can be no assurance that we will be able to compete successfully against our current or future competitors in any of our markets. Our failure to do so could have a material adverse effect on our business, financial condition and results of operations.

We have a history of losses and may report losses in the future.

We reported historical net losses of €85.7 million, €285.7 million, €259.3 million and €141.3 million, respectively, for the nine months ended September 30, 2014 and the years ended December 31, 2013, 2012 and 2011, respectively. In addition, we reported shareholder's deficit of €69.1 million as of September 30, 2014. The historical net loss for the nine months ended September 30, 2014 and the years ended December 31, 2013 and 2012 includes the Kabel BW Group and the historical net loss for the year ended December 31, 2011 includes the Kabel BW Group from December 15, 2011 to December 31, 2011. On a pro forma basis, after giving effect to (i) the LG/KBW Transaction, (ii) the March 2011 Kabel BW Refinancing and (iii) the change in reporting

entities associated with the KBW Fold-in as if such transactions had occurred on January 1, 2011, we would have reported a net loss of €210.4 million for the year ended December 31, 2011. For additional information, see "*Presentation of Financial and Other Information*." We may incur losses in the future due to, among other things, interest expenses and depreciation. While a portion of any future losses may consist of depreciation and amortization expenses, which do not directly impact our cash flow, future losses may adversely affect our business and limit our ability to engage in equity or debt financings.

We are subject to increasing operating costs and inflation risks, which may adversely affect our earnings.

While our operations attempt to increase our subscription rates to offset increases in operating costs, there is no assurance that we will be able to do so. Our expenses increased during 2013 and 2012 and we expect them to continue to grow in the future as we increase spending on marketing and advertising to market our advanced services. Programming costs are also expected to continue to increase. Our revenue sources are mainly from "evergreen" contracts (which provide for automatic renewal) with our customers. A decision of the German Federal Court of Justice (*Bundesgerichtshof*) determined that under such contracts, prices may only be raised under certain circumstances, and we are prohibited by a regional court in Baden-Württemberg from relying on our general terms and conditions authorizing us to increase prices. We are also impacted by inflationary increases in salaries, wages, benefits and other administrative costs. As a result, our operating costs may increase faster than associated revenues, resulting in a material negative impact on our cash flow and net earnings (loss).

We may not be able to successfully introduce new or modified services or respond to technological developments.

To remain competitive, we must continue to increase and improve the functionality, availability and features of our network, in particular, to upgrade our bandwidth capacity to keep up with increasing demand for bandwidth intensive services and to launch premium digital cable services, broadband internet, fixed-line telephony and mobile services. In general, the cable television, broadband internet and mobile services industries face challenges including the following:

- rapid and significant technological change;
- changes in usage patterns and customer needs and priorities;
- frequent introduction of new products and services or upgrading of existing products and services in connection with new technologies; and
- introduction of new industry standards and practices that render current company technologies and systems obsolete.

It is difficult to predict the effect of technical innovations on our business. We may be unable to successfully integrate new technologies or adapt to new or existing technologies to meet customer needs within an appropriate timeframe. Any such inability could have a material adverse effect on our business, financial condition and results of operations.

Failure to control customer churn, including a decline in the number of our cable subscribers, may adversely affect our business and financial results.

Customer churn refers to those subscribers who cease subscribing for one or more of our products or services. In the ordinary course of our business, we experience a loss of customers due to their choice to obtain services via an alternative platform, relocation of our customers to areas not covered by our network and dunning of customers who, after several reminders, do not pay our invoices. Factors impacting churn in our consumer subscriber base include price increases and dissatisfaction with our prices or service or preference for a competing provider such as satellite for video services or a telecommunication operator in relation to broadband internet and fixed-line telephony services. For example, any interruption of our services, the removal or unavailability of programming, which may not be under our control, or other customer service problems could contribute to increased subscriber churn or cause us to fail in our goal of reducing the level of churn of our video services, premium digital cable services, and broadband internet and fixed-line telephony services. Any increase in customer churn may lead to reduced revenues and RGUs or increased costs to retain these customers, which could have a material adverse effect on our business, financial condition and results of operations.

We rely on Deutsche Telekom and certain of its affiliates for access to and the operation of a significant part of our network.

While we compete with Deutsche Telekom in a number of markets, we rely on services and assets under long-term framework service agreements and other agreements we have with Deutsche Telekom and certain of its affiliates. These agreements are significant to our business, including for the lease of cable duct space used for our cable network as well as for the lease of facility space (colocation). Generally, the term of the services relating to cable duct and colocation is unlimited, but the term sheets, which specify the services and assets provided by Deutsche Telekom and its affiliates, are subject to certain termination rights and, according to German law, lease agreements are subject to a termination right of either party after a term of 30 years. Our ability to offer our services to our customers depends on the performance of Deutsche Telekom and its affiliates of their respective obligations under these arrangements. In particular, we rely on Deutsche Telekom to provide our company with timely access to shared facilities, especially for the purposes of maintaining and repairing their networks and avoiding or rectifying network outages. Deutsche Telekom has the right to terminate the services under the agreements in certain circumstances and under certain conditions, some of which circumstances or conditions are outside of our control. The termination of any material portion or all of the framework service agreement or of the other agreements by Deutsche Telekom would require us to find alternative solutions. It may be difficult to establish an alternative at a reasonable price, which would adversely affect the value of our business. Continuing our business upon such termination would, if possible at all, require a sizeable payment to purchase the relevant facilities from Deutsche Telekom or a sizeable investment to replicate the lost facilities or services and could have a material adverse effect on our business, financial condition or results of operations. In many cases, we would not be able to find suitable alternative service providers at comparable cost or within a reasonable timeframe. As further described in "*Business of Unitymedia KabelBW — Legal Proceedings*", we filed a lawsuit on December 28, 2012 against a subsidiary of Deutsche Telekom, in which we assert that we pay excessive prices for the co-use of Deutsche Telekom's cable ducts in our footprint. The litigation is ongoing and its outcome cannot be predicted at this stage.

We do not have guaranteed access to programs and are dependent on our relationships and cooperation with program providers and broadcasters.

The success of our business depends on, among other things, the quality and variety of the programming delivered to our subscribers. If we are unable to obtain or retain a diverse array of popular programming for our digital cable services, including our premium subscription and HD packages, on satisfactory terms or at all, our ability to attract and retain customers, as well as migrate customers from analog services to digital services, and from lower-tier to higher-tier programming may be limited. Programming and copyright costs are a significant portion of our direct costs and are expected to rise in future periods. The loss of, or inability to obtain, attractively priced competitive content could have a material adverse effect on our business, financial condition and results of operations. In addition, we have entered into carriage agreements with private and public broadcasters, which accounted for approximately 5% of Unitymedia KabelBW's total revenue during the three months ended September 30, 2014. Under our carriage contracts, we derive revenues from carriage fees in exchange for distributing this programming to our subscriber base. Our carriage contracts expire or may be terminated by either party on various dates ranging from 2014 through 2018 and we may not be able to renew them on favorable terms, or at all, or enter into new contracts for additional content (including content in HD format). In addition, in 2012, public broadcasters (Arbeitsgemeinschaft der Öffentlich Rechtlichen Rundfunkanstalten der Bundesrepublik Deutschland ("**ARD**") and Zweites Deutsches Fernsehen ("**ZDF**")) sent us notices purporting to terminate these carriage fee arrangements effective December 31, 2012. See "*— Legal Proceedings*". No assurance can be given that any of our carriage fee contracts will be renewed or extended on financially equivalent terms, or at all. Any lowering of the carriage fees that we receive from program providers, or change in the distribution model, may adversely affect our business, financial condition and results of operations. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations of Unitymedia KabelBW — Revenue*".

We have no direct billing relationship for basic cable television services with nearly two-thirds of our video cable subscribers and may not be able to maintain or renew existing or procure new bulk agreements with housing associations, landlords or Professional Operators.

We typically serve our basic cable television customers through bulk agreements with housing associations in charge of large apartment blocks and, to a lesser extent, Professional Operators. We have framework agreements with some of the largest housing associations in the regions in which we operate. For these subscribers, our contractual relationship is with a landlord or local housing association, many of which

own or represent multiple buildings that house a large number of subscribers. Professional Operators may procure the basic video signals from us at volume-based discounts and generally resell them to housing associations with whom the operator maintains the customer relationship. Accordingly, we have no direct billing relationship for basic cable television services with nearly two-thirds of our video cable subscribers. The lack of a direct billing relationship with the subscribers for our cable services causes us to depend on the landlords, housing associations and Professional Operators for access to our subscribers to the extent we have not already established a direct billing relationship with such subscribers for our premium digital cable, broadband internet or telephony services. During the three months ended September 30, 2014, our 20 largest bulk agreement accounts generated approximately 7% of our revenue (including estimated amounts billed directly to the building occupants for premium cable, broadband internet and telephony services).

Our contracts with the housing associations are, to a significant extent, medium- and long-term contracts. As of September 30, 2014, bulk agreements covering approximately 35% of the video subscribers that we serve through these agreements expire by the end of 2015 or are terminable on 30-days notice. In addition, housing associations may terminate such agreements prematurely if, for example, the agreements are deemed to violate antitrust laws or laws governing general terms and conditions. Moreover, in connection with the LG/KBW Transaction, we agreed with the FCO to grant early termination rights on certain agreements (the "**Remedy HA Agreements**") we have with the largest housing associations and which have a remaining term of more than three years. The total number of dwelling units covered by the affected agreements was approximately 340,000 as of December 15, 2011. At September 30, 2014, approximately 11% of the dwelling units covered by the Remedy HA Agreements remain subject to special termination rights. These dwelling units (which include agreements that are not among the 20 largest bulk agreements) as of September 30, 2014 accounted for less than 1% of our total revenue during the three months ended September 30, 2014.

No assurance can be given that our bulk agreements will be renewed or extended on financially equivalent terms or at all, particularly in light of the commitments we made to regulators in connection with the LG/KBW Transaction.

We are subject to public actions such as forced switch off of parts of the cable spectrum or digitization of channels; these and other frequency regulations may adversely affect our business.

Frequency regulation and interference issues affect our ability to manage our network. We may be forced to switch off parts of the cable spectrum or change them from analog to digital use in case the frequencies used are in frequency ranges within which security related radio services, such as traffic control, police and intelligence services, are operated or electromagnetic interferences exceed a specified threshold. These or other actions may result in increased costs and reduce our bandwidth available for other profitable uses. Restrictions on analog channel availability may have various effects on our business, including a reduction of carriage fees, the need to provide the users of our analog service with set-top boxes and customer churn. Furthermore, the future use by mobile broadband internet applications of certain high frequency ranges of terrestrial spectrum, such as long-term evolution ("**LTE**"), formerly devoted to broadcasting services, could adversely affect our business, as it could limit our ability to use the same frequencies in our networks or cause disturbances in our cable network or the end devices of our customers, such as television sets and set-top boxes.

The operation of our conditional access systems is dependent on licensed technology and subject to illegal piracy risks.

In our Kabel BW footprint our basic digital service is unencrypted and, since January 1, 2013, our video subscribers in the Unitymedia footprint do not require a smart card to access our basic digital content. We use, and expect to continue to use in the foreseeable future, conditional access systems to encrypt our and third parties' premium subscription channels. Effective July 1, 2010, UPC Holding and Nagravision S.A. ("**Nagravision**") entered into a European wide contract for the lease of a conditional access system (headend, smart cards, support & maintenance, security and software license grant). UPC Holding then passes the respective cost to us. Under this contract, Nagravision has agreed to sell and install parts of our conditional access system for our cable distribution, including hardware equipment, to grant licenses for the respective intellectual property rights for the conditional access system and to provide maintenance, support and security services. Billing and revenue generation for our services rely on the proper functioning of our conditional access systems.

Our business operations and revenues could be adversely affected if (i) Nagravision ceases to license, supply or maintain our conditional access system and we are unable to replace the existing conditional access system with another conditional access system; (ii) Nagravision's conditional access systems are compromised

by illegal piracy and access of non-subscribers to the system; or (iii) Nagravision's conditional access systems are incompatible with future broadband cable technologies or products we intend to use.

Sensitive customer data is an important part of our daily business and leakage of such data may violate laws and regulations, which could result in fines, loss of reputation and customer churn and adversely affect our business.

We accumulate, store and use in our operating business data which is protected by data protection laws. German data protection agencies have the right to audit us and impose fines if they find we have not complied with the applicable laws and adequately protected customer data. Although we take precautions to protect customer data in accordance with the applicable German privacy requirements, there may be leakages in the future. We cooperate with third-party service providers, such as for the provision of call center services and independent sales agents, and although our contracts with them restrict the usage of customer data, there is no certainty that they will abide by the contractual terms. Violation of data protection laws may result in fines, loss of reputation and customer churn and may have an adverse effect on our business, financial condition and results of operations.

New information technology systems and new software systems may result in higher costs than expected or higher customer churn.

We expect that our capital expenditures may increase over the next several years as we continue to further integrate the information technology infrastructures of the Unitymedia Group and the Kabel BW Group. In addition, we are currently planning to replace some of the customer relationship management systems and customer monitoring systems. We may incur higher expenses than anticipated if our expectations regarding timing, data migration, factual change, adaptation of business processes and training related to these systems are not met or if we experience any difficulties related to the new systems. This could result in budget overruns or impediments to billing and collection of revenue for our services. Our customer service may be adversely affected, which may lead to higher costs or higher customer churn.

We depend on third-party suppliers and licensors to supply necessary equipment, software and certain services required for our business.

We rely on third party vendors and service providers for the equipment, software and services that we require in order to provide services to our customers. Our suppliers often conduct business worldwide and their ability to meet our needs are subject to various risks, including political and economic instability, natural calamities, interruptions in transportation systems, terrorism and labor issues, as well as non-compliance with specific regulatory restrictions within the EU. As a result, we may not be able to obtain the equipment, software and services required for our business on a timely basis or on satisfactory terms. Any shortfall in customer premises equipment could lead to delays in connecting customers to our services, and accordingly, could adversely impact our ability to maintain or increase our RGUs, revenue and cash flows. Also, if demand exceeds the suppliers' and licensors' capacity or if they experience financial difficulties, the ability of our businesses to provide some services may be materially adversely affected, which in turn could affect our businesses' ability to attract and retain customers. Although we actively monitor the creditworthiness of our key third party suppliers and licensors, the financial failure of a key third party supplier or licensor could disrupt our operations and have an adverse impact on our revenue and cash flows.

Failure in our technology or telecommunications systems could significantly disrupt our operations, which could reduce our customer base and result in lost revenue.

Our success depends, in part, on the continued and uninterrupted performance of our information technology and network systems as well as our customer service centers. The hardware supporting a large number of critical systems for our cable networks is housed in a relatively small number of locations. Our systems are vulnerable to damage from a variety of sources, including telecommunications failures, power loss, malicious human acts and natural disasters. Moreover, despite security measures, our servers and systems are potentially vulnerable to physical or electronic break-ins, computer viruses, worms, phishing attacks and similar disruptive problems. Despite the precautions we have taken, unanticipated problems affecting our systems could cause failures in our information technology systems or disruption in the transmission of signals over our networks or similar problems. Any disruptive problem that causes loss, misappropriation, misuse or leakage of data could damage our reputation and the credibility of our operations. Further, sustained or repeated system

failures that interrupt our ability to provide service to our customers or otherwise meet our business obligations in a timely manner would adversely affect our reputation and result in a loss of customers and net revenue.

Strikes and other industrial actions, as well as the negotiation of new collective bargaining agreements, could disrupt our operations or make it more costly to operate our facilities.

We are exposed to the risk of strikes and other industrial actions. We have negotiated various collective bargaining agreements directly with labor unions. These collective bargaining agreements cover, among other things, the general labor conditions of our employees (other than managing directors, executive employees (*leitende Angestellte*) and above tariff employees (*außertarifliche Angestellte*)), such as working hours, holidays, termination, provisions and general payment schemes for wages. Strikes and other industrial actions, as well as the negotiation of new collective bargaining agreements or salary increases in the future, could disrupt our operations and make it more costly to operate our facilities, which in turn could have a material adverse effect on our business, financial condition and results of operations.

We may make acquisitions or enter into transactions that could result in operating difficulties, dilution and other adverse consequences.

We have evaluated, and expect to continue to evaluate, potential strategic or other acquisitions and transactions. Our ability to acquire new businesses may be limited by many factors, including availability of financing, debt covenants, and the prevalence of complex ownership structures among potential targets and government regulation and competition from other potential acquirers. Even if we are successful in acquiring new businesses, the integration of new businesses may present significant costs and challenges, including: realizing economies of scale in interconnection, programming and network operations; eliminating duplicative overheads; and integrating personnel, networks, financial systems and operational systems. There can be no assurance that we will be successful in acquiring new businesses or realizing the anticipated benefits of any completed acquisition. The LG/KBW Transaction closed at the end of 2011, and we have been working to effectively integrate the Kabel BW Group business with the Unitymedia Group business and Liberty Global's other European operations. There can be no assurance that we will be successful in completing the integration of the Kabel BW Group into our business or be able to realize the remaining anticipated synergies of the transaction. See "*— Risks Related to the KBW Fold-in — Anticipated synergies from the LG/KBW Transaction and the KBW Fold-in may not materialize*".

Our growth prospects depend on a continued increase in demand for cable and telecommunications products and services as well as economic developments in Germany.

Our growth and profitability depend, in part, on a continued increase in demand for our cable television, broadband internet and telephony services in Germany in the coming years and the addition of customers as a result of churn experienced from our competitors. If demand for our products in general does not increase either by gaining new customers or maximizing revenues through cross-selling and up-selling our premium and advanced services with our existing customers, our business, financial condition and results of operations could be materially and adversely affected.

While the global financial crisis has had only a limited impact on our business, the current macroeconomic environment is highly volatile, and continuing instability in global markets, including the ongoing turmoil in Europe related to sovereign debt issues and the stability of the euro, has contributed to a global economic downturn. Future developments are dependent upon a number of political and economic factors, including the effectiveness of measures by the European Commission to address debt burdens of certain countries in Europe and the overall stability of the eurozone. As a result, we cannot predict how long these challenging conditions will exist or the extent to which the markets in Germany may be affected. Additional risks arising from the ongoing turmoil in Europe are described below under "*— We are exposed to sovereign debt and currency instability risks in Europe that could have an adverse impact on our liquidity, financial condition and cash flows*". In addition, although we seek to manage the credit risks associated with our derivative and other financial instruments, cash investments and undrawn debt facilities, disruptions in credit and equity markets could increase the risk that our counterparties could default on their obligations to us. Even though we regularly review our credit exposure, defaults may arise from events or circumstances that are difficult to detect or foresee.

Moreover, we operate exclusively in the German market and predominantly in the federal states of North Rhine-Westphalia, Hesse and Baden-Württemberg. Our success is therefore closely tied to the market

environment and general economic developments in Germany in general and North Rhine-Westphalia, Hesse and Baden-Württemberg in particular and cannot be offset by developments in other markets. While the global financial crisis has had only a limited impact on our business, there is no assurance that an adverse economic development in the future could not have an adverse effect on our business, financial condition and results of operations. Our triple-play strategy is based on increased broadband penetration in Germany and on our ability to up- and cross-sell our products and services, especially our premium digital cable, broadband internet and telephony services, to existing and new customers, a strategy that has been successfully implemented by a number of other cable operators in other Western European countries and in the United States. As the cable network market environment varies from country to country due to a number of reasons, we may not be able to achieve a comparable growth of our penetration rates, RGUs and ARPU in the mid- to long- term or at all.

Negative developments in, or a general weakness of, the German economy, and especially economies in the federal states in which we operate, including increasing levels of unemployment, may have a direct negative impact on the spending patterns of retail consumers, both in terms of the products they subscribe for and usage levels. Therefore, it may be more difficult to attract new subscribers and there is a risk that certain of our subscribers will downgrade or disconnect their services, making it more difficult to maintain ARPUs at existing levels. In addition, a deterioration of the German economy may lead to a higher number of non-paying subscribers or generally result in service disconnections. Thus, a weak economy and negative economic development may have a material adverse effect on our business, financial condition and results of operations.

We are exposed to sovereign debt and currency instability risks in Europe that could have an adverse impact on our liquidity, financial condition and cash flows.

Our operations are subject to macro-economic and political risks that are outside of our control. For example, high levels of sovereign debt in the U.S. and certain European countries, combined with weak growth and high unemployment, could lead to fiscal reforms (including austerity measures), sovereign debt restructurings, currency instability, increased counterparty credit risk, high levels of volatility, and, potentially, disruptions in the credit and equity markets, as well as other outcomes that might adversely impact us. With regard to currency instability issues, concerns exist in the eurozone with respect to individual macro-fundamentals on a country-by-country basis, as well as with respect to the overall stability of the European monetary union and the suitability of a single currency to appropriately deal with specific fiscal management and sovereign debt issues in individual eurozone countries. The realization of these concerns could lead to the exit of one or more countries from the European monetary union and the re-introduction of individual currencies in these countries or, in more extreme circumstances, the possible dissolution of the European monetary union entirely, which could result in the redenomination of a portion or, in the extreme case, all of our euro denominated assets, liabilities and cash flows to the new currency of the country in which they originated. The capital market disruption that would likely accompany any such redenomination event could have a material adverse impact on our liquidity and financial condition. Furthermore, any redenomination event would likely be accompanied by significant economic dislocation, particularly within the eurozone countries, which in turn could have an adverse impact on demand for our products, and accordingly, on our revenue and cash flows. Moreover, any changes from a euro to a non-euro currency in Germany would require us to modify our billing and other financial systems. No assurance can be given that any required modifications could be made within a timeframe that would allow us to timely bill our customers or prepare and file required financial reports. In light of the significant exposure that we have to the euro through our euro- denominated borrowings, loan receivable, derivative instruments, cash balances and cash flows, a redenomination event could have a material adverse impact on us.

Risks Relating to Legislative and Regulatory Matters

The Düsseldorf Court of Appeal has issued a ruling that set aside the FCO's decision to approve the LG/KBW Transaction and the LG/KBW Transaction may be remitted back to the FCO for a new phase II review.

The LG/KBW Transaction was subject to the approval of the FCO in Germany, which approval was received in December 2011. In January 2012, two of our competitors (collectively, the "**Appellants**"), including the incumbent telecommunications operator, each filed an appeal against the FCO regarding its decision to approve the LG/KBW Transaction (collectively, the "**Appeals**"). On August 14, 2013, the Düsseldorf Court of Appeal issued a ruling that set aside the FCO's clearance decision. Although the Düsseldorf Court of Appeal did not grant the right to appeal against its ruling to the German Federal Court of Justice, on September 16, 2013, we filed a formal request to appeal to the German Federal Court of Justice seeking permission to appeal the

Düsseldorf Court of Appeal's decision and our reasoned submission was filed on December 16, 2013. During the first quarter of 2014, interested third parties commented on our submission. The Düsseldorf Court of Appeal's ruling is not legally binding until all appeals have been rejected.

During the fourth quarter of 2014 we and Liberty Global reached settlements with the Appellants in their pending complaints against the FCO regarding its decision to approve the LG/KBW Transaction. The Appellants have withdrawn their appeals to the FCO clearance decision, and on January 21, 2015, the FCO consented to the withdrawal. Once the Federal Court of Justice terminates the proceedings, which is expected to occur during the first quarter of 2015, the FCO's clearance decision with respect to Liberty Global's acquisition of KBW will become final and binding without any additional review or conditions. Although we expect the Federal Court of Justice to terminate the proceedings during the first quarter of 2015, there can be no assurance that such termination will occur within the expected time frame, or at all. If the proceedings are not terminated, then they will continue before the German Federal Court of Justice, the ruling of the Dusseldorf Court of Appeals would become final and binding and the LG/KBW Transaction may be remitted to the FCO for a new phase II review.

We do not expect that the continued proceedings relating to these appeals will have any impact on the integration and development of our operations or the day-to-day running of our business. We cannot predict the final outcome of this appeal process, however, any new decision by the FCO with respect to the LG/KBW Transaction as a result of the Düsseldorf Court of Appeal's ruling, including any decision that increases the existing conditions we are subject to in connection with the FCO's initial approval of the LG/KBW Transaction or imposes additional conditions, could have a material adverse impact on our results of operations, cash flows or financial position. For more information regarding this proceeding, see "*Legal Proceedings — Appeal of the Dusseldorf Court of Appeal's ruling in relation to the FCO's approval of LG/KBW Transaction*".

We are subject to significant government regulation, which may increase our costs and otherwise adversely affect our business.

Our existing and planned activities in the cable television, broadband internet and telephony industries are subject to significant regulation and supervision by various regulatory bodies, including state authorities in the jurisdictions in which we operate, and German and EU authorities, see below "*Regulatory*". Such governmental regulation and supervision, as well as future changes in laws or regulations or in their interpretation or enforcement that affect us, our competitors or our industry, strongly influence how we operate our business. Complying with existing and future laws and regulations may increase our operational and administrative expenses, restrict our ability or make it more difficult to implement price increases and/or otherwise limit our revenue. Also, any acquisition, merger or corporate restructuring may increase the level of regulation and supervision by regulatory bodies. In particular, we are or may be subject to:

- regulation of contractual terms and fees for certain services that we provide and receive, in particular with respect to subscriber, signal delivery, carriage and termination fees;
- rules regarding the fair, reasonable and non-discriminatory treatment of broadcasters, network operators, subscribers and other customers;
- restrictions on the ability of cable operators to use channels ("**must carry**"), to package channels into premium cable television offerings and to further digitize the cable network;
- rules relating to data protection and sales activities;
- rules regarding the allocation of frequencies;
- restrictions in the operation of digital platforms or obligations regarding certain platform standards, the imposition of rules regarding the interconnection of our telecommunications network with those of other telecommunications network operators and of access obligations vis- à-vis other providers; and
- requirements covering a variety of operational areas, such as environmental protection, technical standards (i.e., standards relating to the cable and the subscriber equipment), conditional access obligations, rights of way, digital platforms, subscriber service, billing requirements, power consumption, compliance with statutory requirements regarding the German Electromagnetic Interference Act (*Gesetz über die elektromagnetische Verträglichkeit von Betriebsmitteln*) and youth protection issues.

Changes in laws and regulations may significantly increase costs or lead to other disadvantages.

We may be subject to adverse changes in laws or regulations (or in their interpretation or enforcement thereof) regarding, for example, the imposition of fees, taxes, access, re-sale, "must carry", data protection, marketing activities, frequency allocation, interconnection, or any change in policy allowing more favorable conditions for other operators, broadcasters and subscribers. For example, the current German Telecommunications Act includes access rights to in-house infrastructures which could improve our competitors' ability to compete for contracts with housing associations. In addition, the regulator could expand regulations on markets which are currently not subject to regulation or impose additional remedies on us or regulated markets. For example, while our internet broadband services are not the subject of any specific regulation, we could be deemed to have significant market power with respect to such services and be subject to regulations that would require us to provide access to our network to third-party providers. The impact of any new laws or regulations affecting our services, as well as any amendments to, or new interpretations of, the existing laws and regulations covering related activities is difficult to predict. The same applies to new tax laws or tax regulations (or a change in the interpretation of existing tax laws and regulations by the tax authorities and tax courts). All such changes could increase our costs of regulatory compliance or our tax burden, affect our ability to introduce premium and advanced services and/or force us to change our marketing and other business practices, which in turn could have a material adverse effect on our business, financial condition and results of operations.

We do not have complete control over the contractual terms and fees that we charge to broadcasters, Professional Operators, subscribers and other customers.

The fees we charge for the termination of inbound calls to our telephony customers are currently subject to regulation by the Federal Network Agency. Pursuant to the regulatory practice of the Federal Network Agency applied so far, the Federal Network Agency may initiate ex post regulation procedures and may declare (potentially with retroactive effect) our fees void if it finds that our fees are abusive and may either direct us to adjust our fees or provide for fees that are not abusive, thus reducing our revenue. The Federal Network Agency has regulated our termination fees for inbound calls to our telephony customers to the extent we receive such telephony traffic from other operators via Next Generation Networks (NGN) interfaces. On August 11, 2014, the Federal Network Agency notified the EU Commission of decisions where it decided not to subject our termination fees for inbound calls to our telephony customers to an ex ante regulation to the extent we receive such telephony traffic from other operators via Public Switched Telephone Network (PSTN) interfaces. Only calls terminating via NGN interfaces, which will be implemented in the future, have to be approved under an ex ante price control regime. In a decision dated September 10, 2014, the European Commission expressed "serious doubts" whether the fees which were approved by the Federal Network Agency exercising its ex ante control were compliant with the European telecommunications regulatory regime. This bears the risk that the fees we are allowed to charge to interconnection partners may ultimately be considerably lower than the ones currently envisaged to be approved by the Federal Network Agency. For further information, see "*Regulatory — Telecommunications Regulation — Regulation of Fees*".

Further, under the applicable state laws implementing the State Broadcasting Treaty (*Rundfunkstaatsvertrag*), our carriage fees could also be subject to regulatory review by the state media authorities to determine whether our fees are restrictive or discriminatory with respect to certain broadcasters and other content providers which could restrict our flexibility to agree on pricing models with broadcasters. As a result, we may not be able to enforce current or future changes to such fees, which may have a material adverse impact on our revenue, profitability of premium services and ability to respond to market changes.

In the case of an ex post review of our carriage or feed-in or signal delivery fees, the FCO, the regional state cartel offices, the media authorities or courts may order us to adjust our fees or provide for fees that they determine are not abusive. Therefore, we may not be able to freely negotiate the prices with respect to our carriage or feed-in and signal delivery fees. In addition, in 2012, ARD and ZDF sent us notices purporting to terminate the feed-in agreements at the end of 2012. We have rejected the termination notices. See "*Business of Unitymedia KabelBW — Legal Proceedings*". Any lowering of the carriage fees that we receive from program providers, or change in the distribution model, may adversely affect our business, financial condition and results of operations. In addition, we are prohibited from charging carriage fees to certain legally privileged radio and television channels operated by non-profit organizations.

We presently use a range of rebate or volume-related pricing mechanisms for wholesale contracts with Professional Operators and contracts with housing associations. Due to regulatory constraints, we may be restricted from using certain of these pricing mechanisms. In addition, we cannot rule out that, if such pricing mechanisms were considered unlawful, these mechanisms would be found unenforceable. In such cases, we

would, under certain circumstances, be found liable for fines or damages or we might have to offer to enter into commitments which are capable of dispelling the anticompetitive concerns raised against us. We also might be forced to raise our retail prices or lower our wholesale prices. This would adversely affect our competitiveness, financial condition and results of operations.

We are subject to consumer protection laws.

We may infringe laws prohibiting aggressive phone marketing methods, known as "cold calling" and other direct marketing methods. Within the EU, the Privacy and Electronic Communications Regulations 2003 and within Germany, the Act against Unfair Competition (*Gesetz gegen den unlauteren Wettbewerb*) and the Telecommunications Act (*Telekommunikationsgesetz*) make it unlawful for us to approach prospective subscribers for direct marketing purposes via phone without the express prior consent of the subscriber. There can be no assurances that consumer protection associations or entities monitoring the conditions we impose on, and our interactions with, our subscribers will not file claims against us seeking, among other things, the disgorgement of profits allegedly made through the breach of these laws.

We are required to carry certain programs on our network ("must carry").

We are required to carry certain programs on our cable network that we would not necessarily volunteer to carry and we may be required to carry additional programs in the future. Increasing the number of programs that we must carry on our network would use valuable network capacity that we would otherwise devote to alternative programs or services that may be more attractive or profitable. In addition, we may be at a competitive disadvantage compared to certain of our competitors that are not subject to such extensive "must carry" obligations, as they may be able to provide programs that are more appealing to end-users.

Analog television and radio distribution may be phased out, which may adversely affect our competitive position and could result in increased costs or the loss of revenue.

The German federal government and state governments aim to have a general switchover from analog to digital distribution for all television distribution platforms. In accordance with the German Telecommunications Act, the Federal Network Agency is entitled to revoke all allocations of frequencies for terrestrial analog television transmission, and for analog frequency-modulated transmission of radio channels by the end of 2015. Even though it is questionable whether the relevant provisions of the German Telecommunications Act are directly applicable to us, as the operation of cable television networks, in principle, did not require frequency allocations, we may at least be required to further invest in the exchange of some of our headend equipment. In addition, future legislation or orders of the Federal Network Agency, the state media authorities or the needs of the market may require us to digitize our entire cable network. The phase-out of analog distribution could have a material adverse effect on our business, financial condition and results of operations.

Risks Relating to our Legal Structure, Management, Principal Shareholders and Related Parties

The loss of certain key personnel could harm our business.

We have experienced employees at both the corporate and operational levels who possess substantial knowledge of our business and operations. There can be no assurance that we will be successful in retaining the services of these employees or that we would be successful in hiring and training suitable replacements without undue costs or delays. As a result, the loss of any of these key employees could cause significant disruptions in our business operations, which could materially adversely affect our results of operations.

The interests of Liberty Global, our indirect parent company, may conflict with our interests.

Liberty Global is our parent, indirectly owning all of the voting interests in us. When business opportunities, or risks and risk allocation arise, the interests of Liberty Global (or other Liberty Global controlled entities) may be different from, or in conflict with, our interests on a standalone basis. Because we are indirectly controlled by the parent entity, Liberty Global may allocate certain or all of its risks to us and there can be no assurance that Liberty Global will permit us to pursue certain business opportunities.

The 2012 Reorganization, Post-KBW Fold-in Reorganization, future reorganizations of the Issuer or past reorganizations of the Unitymedia Group and the Kabel BW Group may result in adverse tax effects.

The 2012 Reorganization, Post-KBW Fold-in Reorganization as well as the past upstream mergers within the Kabel BW Group or Unitymedia Group, such as the upstream merger of the former Unitymedia GmbH into UPC Germany GmbH (now renamed Unitymedia KabelBW GmbH), are expected to be tax-neutral. It cannot be excluded with certainty that the tax authorities may take a different view. To the extent these initiated or past reorganizations as well as future reorganizations result in taxable income for our group, this could have a material adverse effect on our cash flows, financial condition and results of operations.

Risks Related to the KBW Fold-in

Anticipated synergies from the LG/KBW Transaction and the KBW Fold-in may not materialize.

On December 15, 2011 Liberty Global completed the LG/KBW Transaction. As a result of the KBW Fold-in, the companies in the Kabel BW Group became consolidated subsidiaries of the Issuer. While we have taken significant steps to integrate the Kabel BW Group into our company, we have yet to fully complete the integration process and consequently realize all of the synergies we believe are available to us as a result of this transaction. We cannot assure you that we will be able to realize all of the benefits of the KBW Fold-in that we anticipate. Among the synergies that we currently have realized and expect are increased scale, more efficient employment of capital, and harmonization of best practices. Further, the FCO has imposed certain conditions on our company as a result of the acquisition that could materially affect our ability to recognize these synergies. See "*Regulatory — LG/KBW Transaction Imposed Conditions*".

The integration of the Kabel BW Group with our business could result in operating difficulties and other adverse consequences.

The KBW Fold-in and the completion of the integration of the Kabel BW Group into our business and corporate structure may create unforeseen operating difficulties and expenditures and pose significant management, administrative and financial challenges to our business. These challenges include:

- integration of the Kabel BW Group into our business in a cost-effective manner, including network infrastructure, management information and financial control systems, marketing, customer service and product offerings;
- outstanding or unforeseen legal, regulatory, contractual, labor or other issues arising from the KBW Fold-in;
- additional capital expenditure requirements;
- retention of customers;
- integration of different company and management cultures; and
- retention, hiring and training of key personnel.

In such circumstances, our failure to effectively integrate the Kabel BW Group could have a material adverse effect on our financial condition and results of operations.

Risks Relating to the Notes

Your right to receive payments under the Notes is structurally or effectively subordinated to claims of certain existing and future creditors of the Issuer and its subsidiaries.

The Notes are structurally subordinated to the obligations of the Issuer's subsidiaries that are not Guarantors. Generally, claims of creditors of the Issuer's subsidiaries that are not guarantors, including trade creditors and claims of preference shareholders (if any) of each such subsidiary, will have priority with respect to the assets and earnings of such subsidiary over claims of creditors of its parent entity. In the event of an insolvency, liquidation or other reorganization of any of the Issuer's subsidiaries that are not Guarantors, holders of their debt and their trade creditors will typically be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to the Issuer and its holding companies as equity holders.

The Issuer is a holding company and conducts no business operations of its own and will depend on payments from its subsidiaries to make payments on the Notes; the Issuer's subsidiaries will be subject to restrictions on making any such payments.

The Issuer is a holding company that conducts no business operations of its own. The Issuer has no significant assets other than the shares it holds in its direct subsidiaries and its claims under certain intercompany loans.

You will not have any direct claim on the cash flows or assets of any of the Issuer's direct or indirect subsidiaries that do not guarantee the Notes. Such subsidiaries have no obligation, contingent or otherwise, to pay amounts due under the Notes or to make funds available to us for these payments.

The payment of dividends and the making, or repayment, of loans and advances to the Issuer by its direct subsidiaries and such payments by its indirect subsidiaries to their respective parent entities are subject to various restrictions. Existing and future debt of certain of these subsidiaries may prohibit the payment of dividends or the making, or repayment, of loans or advances to the Issuer or their respective parent entities. In addition, the ability of any of the Issuer's direct or indirect subsidiaries to make certain distributions may be limited by the laws of the relevant jurisdiction in which the subsidiaries are organized or located, including financial assistance rules, corporate benefit laws and other legal restrictions which, if violated, might require the recipient to refund unlawful payments. In particular, under applicable German law, subsidiaries that are German limited liability companies or, in certain circumstances, limited partnerships, are prohibited from making payments (or granting other financial advantages) to their direct and indirect shareholders unless such payments are made out of the company's "free" net assets, i.e. such payments must not cause the company's net assets (assets minus liabilities) to fall short of an amount equal to the company's registered share capital. If applicable, this would mean that the Issuer or a Guarantor, as applicable, would be unable to use the earnings of these subsidiaries to the extent they face restrictions in such jurisdictions on distributing funds to the Issuer or such Guarantor. In addition, existing and future debt of certain of these subsidiaries may prohibit the payment of dividends or the making of loans or advances to the Issuer or a Guarantor, as applicable.

According to case law of the German Federal Court of Justice, the ability of a limited liability company to make payments to its direct or indirect shareholders is also limited where the granting of benefits to shareholders would deprive the company of the liquidity necessary to properly meet its obligations towards third parties (so-called "destructive interference"). If any of the Issuer's direct or indirect subsidiaries are unable to make distributions or other payments to it or their respective parent entities, the Issuer does not expect to have any other sources of funds that would allow the Issuer to make payments to you.

Certain of the German subsidiaries of the Issuer have entered or will enter into profit and loss pooling agreements pursuant to which the dominated company must transfer to the dominating company its annual profits to the extent not otherwise retained as voluntary reserves. In the event the dominated company incurs a net loss, the dominating company must compensate it for such net loss. Instead of a cash payment by the dominating company to the dominated company for the compensation of any such loss, a set-off of such compensation claims of the dominated company against the dominating company against any loans, notes or other instruments or agreements (whether or not in writing) arising under the profit and loss pooling agreement may be permitted. The compensation claim of direct subsidiaries of the Issuer as dominated companies against the Issuer as dominating company in the event of a loss of the dominated company rank *pari passu* with the rights of holders of the Notes.

To the extent that German direct subsidiaries of German direct or indirect subsidiaries of the Issuer have not entered into profit and loss pooling agreements with their respective German parent company, any dividend distributions to their respective parent company as well as capital gains from the disposal of shares of any such German direct subsidiary may be subject to tax at the level of the respective parent company. The same applies to German direct subsidiaries of the Issuer that have not entered into a profit and loss pooling agreement with the Issuer.

Although the Indenture limits the ability of the Issuer's and the Guarantors' respective subsidiaries to enter into future consensual restrictions on their ability to pay dividends and make other payments to the Issuer or such Guarantor, as applicable, there are significant qualifications and exceptions to these limitations.

We cannot assure you that arrangements with the Issuer's and the Guarantors' respective subsidiaries and the funding permitted by the agreements governing existing and future indebtedness of the Issuer's and the Guarantors' respective subsidiaries will provide the Issuer or such Guarantor, as applicable, with sufficient dividends, distributions or loans to fund payments on the Notes or the Subsidiary Guarantees when due.

Fraudulent conveyance laws may adversely affect the validity and enforceability of the Subsidiary Guarantees or the Collateral.

The granting of the Subsidiary Guarantees and the granting of the Collateral securing such Subsidiary Guarantees or the Notes may be subject to legal challenge and review under fraudulent transfer and conveyance laws or other laws that have been enacted for the protection of creditors in Germany and the United States. These laws, among other things, could limit the ability of an entity to guarantee and secure the debt of a related entity. Although laws differ among various jurisdictions, in general, under fraudulent conveyance laws, a court could subordinate or a court or a creditor could void a guarantee or the security interests in respect thereof if it found that the guarantor granting such guarantee:

- knew or should have known that the transaction was to the detriment of the creditors;
- intended to hinder, delay or defraud creditors; or
- did not receive fair consideration or reasonably equivalent value for incurring such indebtedness and such guarantor (i) was insolvent or rendered insolvent because it incurred such indebtedness, (ii) was engaged or about to engage in a business or transaction for which its remaining assets constituted unreasonably small capital or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay them as they mature.

The measure of insolvency for purposes of fraudulent transfer laws varies, depending on the law applied. Generally, however, an entity would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair value of all of its assets;
- the present fair value of its assets was less than the amount that would be required to pay its probable liability on its existing debts and liabilities, including contingent liabilities, as they become absolute and mature; or
- it could not or would not pay its debts as they become due.

If a court or a creditor were to find that the granting of a Guarantee and the granting of the security interests over relevant Collateral was a fraudulent conveyance, the court or a creditor could void or declare unenforceable the payment obligations under such Guarantee or invalidate the security interests, or subordinate such Guarantee or security interest over the relevant Collateral to presently existing and future indebtedness of such Guarantor or require the holders of the Notes to repay any amounts received with respect to such Guarantee or security interest. See "— *The insolvency laws of Germany and other local insolvency laws may not be as favorable to you as the U.S. bankruptcy laws and may preclude holders of the Notes from recovering payments due on the Notes*".

The insolvency laws of Germany and other local insolvency laws may not be as favorable to you as the U.S. bankruptcy laws and may preclude holders of the Notes from recovering payments due on the Notes.

We and our subsidiaries are organized under the laws of Germany. Consequently, in the event of an insolvency of either of the Issuer, the Guarantors or any of our subsidiaries, insolvency proceedings may be initiated in Germany. As long as the "centre of main interests" (as this term is used in Council Regulation (EC) no. 1346/2000 on insolvency proceedings) is located in Germany, German courts would have jurisdiction over and German law would generally govern most aspects of such proceedings. In addition, secondary insolvency proceedings may be applied for by the insolvent company or any of its creditors where the insolvent company has an establishment in another jurisdiction within the European Union (except for Denmark). Where secondary insolvency proceedings are initiated, the insolvency law of the state of the secondary insolvency proceedings would be applicable to the assets located in such state. Regarding any assets and/or any establishment of the insolvent company outside the European Union (or in Denmark), local law will regulate to what extent insolvency proceedings opened in Germany would be recognized and whether particular proceedings would be available for such assets or such establishment under local insolvency law. The insolvency laws of Germany and any other applicable local insolvency laws may not be as favorable to your interests as creditors as the bankruptcy laws of the United States, including in respect of priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceedings. Thus, your ability to recover payments due on the Notes may be more limited than would be the case under U.S. bankruptcy laws.

The following is a brief description of certain aspects of the insolvency laws of Germany.

Under German insolvency law, insolvency proceedings typically must be initiated by the debtor, but may be initiated by a creditor in the event of over indebtedness (*Überschuldung*) of the debtor (for example, where its liabilities exceed the value of its assets, even if the debtor has sufficient liquidity to meet its current obligations) or in the event of illiquidity (*Zahlungsunfähigkeit*) of the debtor (for example, where it is unable to pay its debts as and when they fall due). However, in the case of over indebtedness (*Überschuldung*) even if a debtor's liabilities exceed the value of its assets, such debtor is not deemed over indebted if, given the circumstances, there is a high likelihood that the debtor will be strong enough financially to stay in business not only for the short term. In addition, the debtor can file for insolvency proceedings if its illiquidity is impending, i.e., it is imminently at risk of being unable to pay its debts as and when they fall due (*drohende Zahlungsunfähigkeit*). Under applicable German insolvency law, directors of a company must file a petition for the opening of insolvency proceedings without undue delay but no later than three weeks after such company has become illiquid or over indebted. The management of a debtor can be the subject of criminal proceedings in the event that the filing for insolvency is delayed. The insolvency proceedings are court controlled, and upon receipt of the insolvency petition, the insolvency court may take preliminary measures to secure the property of the debtor during the preliminary proceedings (including the prohibition or suspension of enforcement measures against the debtor's assets) and appoint a preliminary insolvency administrator (*vorläufiger Insolvenzverwalter*) to control the management of the debtor. In that context, the insolvency court may, or, depending on the size of the debtor's business operations, must appoint a preliminary creditors' committee (*vorläufiger Gläubigerausschuss*) to form a view on the profile of the preliminary insolvency administrator (*vorläufiger Insolvenzverwalter*) to be appointed or even to make a suggestion for a particular individual to be appointed by the court. In case the members of the preliminary creditors' committee (*vorläufiger Gläubigerausschuss*) unanimously agree on an individual, such suggestion is binding on the court (unless the suggested individual is not eligible, i.e., not competent and/or not impartial). To ensure that the preliminary creditors' committee reflects the interests of all creditor constituencies, it shall include a representative of the secured creditors, one for the large and one for the small creditors as well as one for the employees. If the debtor has applied for debtor in possession proceedings (*Eigenverwaltung*), the insolvency court will, instead of appointing a preliminary insolvency administrator (*vorläufiger Insolvenzverwalter*), grant debtor-in-possession status to the debtor unless such proceedings would obviously be disadvantageous for the debtor's creditors. In debtor-in-possession proceedings (*Eigenverwaltung*) the debtor's management generally remains in charge of administering the debtor's business affairs under the supervision of a court appointed custodian (*Sachwalter*).

For holders of the Notes, the most important consequences of such opening of formal insolvency proceedings against the Issuer, the Guarantors or any of our subsidiaries subject to the German insolvency regime would be the following:

- the right to administer and dispose of assets of the Issuer as a Guarantor or such subsidiary, or any Guarantor, would generally pass to the insolvency administrator (*Insolvenzverwalter*) as sole representative of the insolvent estate, unless debtor-in-possession proceedings (*Eigenverwaltung*) are ordered;
- assuming that the insolvent entity is not granted debtor-in-possession status (*Eigenverwaltung*), disposals effected by management of the Issuer or such subsidiary, including the Issuer or any Guarantor, after the opening of formal insolvency proceedings are null and void by operation of law;
- if, during the final month preceding the date of filing for insolvency proceedings or thereafter, a creditor in the insolvency proceedings acquires through execution (e.g., attachment) a security interest in part of the debtor's property that would normally form part of the insolvent estate, such security becomes null and void by operation of law upon opening of formal insolvency proceedings; and
- claims against the insolvent may generally only be pursued in accordance with the rules set forth in the German Insolvency Code (*Insolvenzordnung*).

All creditors, whether secured or unsecured, wishing to assert claims against the debtor need to participate in the insolvency proceedings. With exceptions for certain security rights, an individual enforcement action brought against the debtor by any of its creditors is subject to an automatic stay once the insolvency proceedings have been opened. Secured creditors have certain preferential rights regarding the enforcement of their security interests. However, German insolvency law imposes certain restrictions on their ability to enforce security interests once proceedings have been commenced. In many cases, the insolvency administrator will have the sole right to realize the security. The insolvency administrator generally has the sole right (i) to realize any moveable assets in its possession which are subject to preferential rights (*Absonderungsrechte*) (*e.g.*, pledges over movable assets (*Mobiliarpfandrechte*), transfer by way of security (*Sicherungsübereignung*)) as well as

(ii) to collect any claims that are subject to security assignment agreements (*Sicherungsabtretungen*). The enforcement proceeds minus certain contributory charges of generally nine percent of the enforcement proceeds (plus VAT, if any) for (i) assessing the value of the secured assets and (ii) realizing the secured assets are paid to the creditor holding a security interest in the relevant collateral up to an amount equal to its secured claims. Contributory charges deducted from the enforcement proceeds and any realization surplus that remains after satisfaction of any party holding a preferential right will be allocated to the insolvent estate and would, after deduction of the costs of the insolvency proceedings (comprising, *e.g.*, fees for and expenses of the insolvency administrator and the insolvency court as well as the members of the creditors' committee), finally be distributed among the unsecured creditors, including, to the extent not secured by the realized assets, the holders of the Notes. An alternative distribution of enforcement proceeds can be proposed in an insolvency plan (*Insolvenzplan*) that can be submitted by the debtor or the insolvency administrator and which requires, in principle, the consent of the debtor and the consent of each class of creditors in accordance with specific majority rules. Under German insolvency law, there is no consolidation of the assets and liabilities of a group of companies in the event of insolvency.

As a general principle, the claims arising from a Guarantee granted by one of our subsidiaries may be enforced against that Guarantor outside of the insolvency proceedings over the assets of the Issuer. In addition claims arising from the Notes may be enforced outside of the insolvency proceedings over the assets of a Guarantor. Any insolvency proceedings over the assets of the Issuer or a Guarantor would, however, be a rather strong indication that the overall financial situation of the entire group of affiliated companies has significantly deteriorated, which may cause a subsidiary guarantor to subsequently file for insolvency.

The position of secured creditors depends on the type of collateral granted to them (see also above). Creditors secured by pledges over shares in subsidiaries of the debtor are entitled to preferential satisfaction with regard to the proceeds realized in an enforcement process which has to be effected by means of a public auction outside the insolvency process. However, in the absence of authoritative case law, it is uncertain whether the secured creditors are entitled to initiate (or continue) the enforcement process in respect of the pledged shares on their own or, in an insolvency of the entity holding the pledged shares, whether the insolvency administrator has standing to realize the pledges on behalf of and for the benefit of the secured creditors. In the latter case, the administrator would be entitled to contributory charges of generally nine percent of the enforcement proceeds (plus VAT, if any) for the benefit of the insolvent estate, which would be deducted from the enforcement proceeds (see also above).

The value of the insolvent estate is commonly realised by disposing of the debtor's assets or of the debtor's business as a going concern. In order to avoid a liquidation of the insolvent entity, the debtor or the insolvency administrator (or, in case of debtor in possession proceedings (*Eigenverwaltung*) and if so instructed by the creditors' assembly, the custodian (*Sachwalter*)) may submit an insolvency plan to be voted on by the creditors of the insolvent and pursuant to which the insolvent entity is being restructured. Such insolvency plan may also provide for the conversion of debt into equity provided that the relevant creditors individually agree to such conversion.

The insolvency administrator may also challenge transactions that are deemed detrimental to insolvency creditors and which were effected prior to the opening of the insolvency proceedings. It is possible that the payment of any amounts to the holders of the Notes could also be challenged by the insolvency administrator. The insolvency administrator's rights to challenge transactions can, depending on the specific circumstances, extend to transactions occurring during the last ten years prior to the filing of the petition for the commencement of insolvency proceedings. If the insolvent company is granted debtor in possession status (*Eigenverwaltung*) similar rights are vested in the custodian (*Sachwalter*). In particular, an act (*Rechtshandlung*) or a transaction (*Rechtsgeschäft*) (which terms also include the provision of security or the payment of indebtedness) may be voided in the following cases:

- any act granting an insolvency creditor, or enabling an insolvency creditor to obtain, security or satisfaction if such act was taken (i) during the last three months prior to the filing of the petition for the commencement of insolvency proceedings, provided that the insolvent was illiquid at the time when such act was taken and the creditor knew of such illiquidity at such time, or (ii) after the filing of the petition for the commencement of insolvency proceedings, provided that the creditor knew of the illiquidity of the insolvent or the filing of such petition at such time;
- any act granting an insolvency creditor, or enabling an insolvency creditor to obtain, security or satisfaction to which such creditor was not entitled, or which was granted or obtained in a form or at a time to which or at which such creditor was not entitled to such security or satisfaction, provided that (i) such act was taken during the last month prior to the filing of the petition for the commencement of insolvency proceedings or after such filing, (ii) such act was taken during the

second or third month prior to the filing of the petition and the insolvent was illiquid at such time, or (iii) such act was taken during the second or third month prior to the filing of the petition for the commencement of insolvency proceedings and the creditor knew at the time such act was taken that such act was detrimental to the other insolvency creditors;

- a transaction by the insolvent that is directly detrimental (*unmittelbar nachteilhaft*) to the insolvency creditors, provided it was entered into (i) during the last three months prior to the filing of the petition for the commencement of insolvency proceedings, provided that the insolvent was illiquid when such act was taken and the counterparty knew of such illiquidity at such time, or (ii) after the filing of the petition for the commencement of insolvency proceedings, provided that the counterparty knew of the illiquidity of the insolvent or the filing of such petition at such time;
- any act by the insolvent entity during the four years prior to the filing of the petition for the commencement of insolvency proceedings that constitutes a gratuitous benefit (*unentgeltliche Leistung*);
- any act by the insolvent during the ten years prior to the filing of the petition for the commencement of insolvency proceedings, provided that the insolvent acted with the intent to prejudice its insolvency creditors and the other party knew of such intention at the time of such act;
- any non-gratuitous contract concluded between the debtor and a related party which directly operates to the detriment of the insolvency creditors, unless such contract was concluded earlier than two years prior to the filing of the petition for the opening of insolvency proceedings or the other party had no knowledge of the debtor's intention to prejudice its creditors as of the time the contract was concluded;
- any act that provides security or satisfaction for a loan granted by a shareholder of the insolvent entity or a similar claim if (i) in the case of security, the act took place during the ten years prior to the filing of the petition for the commencement of insolvency proceedings or after the filing of such petition, or (ii) in the case of satisfaction, the act took place during the last year prior to the filing of the petition for the commencement of insolvency proceedings or after the filing of such petition; and
- any act whereby the debtor grants satisfaction for a loan claim or an economically equivalent claim to a third party if (i) the transaction was effected in the last year prior to the filing of a petition for commencement of insolvency proceedings or thereafter, and (ii) a shareholder of the debtor had granted security or was liable as a guarantor or surety (*Garant* or *Bürge*) (in which case the shareholder has to compensate the debtor for the amounts paid (subject to further conditions)).

In this context, "knowledge" is generally deemed to exist if the other party is aware of the facts from which the conclusion must be drawn that the insolvent (e.g., the Issuer or a subsidiary, including any Guarantor, subject to German insolvency law) was unable to pay its debts generally as they fell due, that a petition for the commencement of insolvency proceedings had been filed, or that the act was detrimental to, or intended to prejudice, the insolvency creditors, as the case may be. The insolvent is deemed to have acted with the intention to prejudice its insolvency creditors not only if prejudicing its creditors was the final objective of its acts but also if the insolvent was aware that its acts might prejudice its creditors and accepted this to achieve a different objective (*dolus eventualis*). A person is deemed to have knowledge of the insolvent's intention to prejudice its creditors if it knew of the insolvent's impending illiquidity and that the transaction prejudiced the insolvency creditors. With respect to a "related party", there is a general statutory presumption that such party had "knowledge". The term "related party" includes, subject to certain limitations, in the case of an insolvent that is a corporate person, members of the management or supervisory board, shareholders owning more than 25 percent of the insolvent entity's share capital, persons or companies holding comparable positions that give them access to information about the economic situation of the insolvent entity, and persons that are spouses, relatives or members of the household of any of the foregoing persons. "Gratuitous benefit" includes any payment made or security granted by the insolvent on account of liabilities of a third party provided the insolvent was not obliged to such payment or granting of security and the claim settled/secured by such payment/granting of security was worthless (*nicht werthaltig*) at the time when the payment/granting of security was effected.

If the Notes, the Subsidiary Guarantees or the security were voided, holders of the Notes would only have a general unsecured claim in the insolvency proceedings in the amount of their original investment. Any amounts received from a transaction that has been avoided would have to be repaid to the insolvent estate.

Future subsidiaries of the Issuer may be incorporated in jurisdictions other than Germany and are or may be subject to the insolvency laws of such jurisdictions. The insolvency laws of these jurisdictions may not be as

favorable to your interests as creditor as the insolvency laws of Germany, the United States or certain other jurisdictions. In addition, there can be no assurance as to how the insolvency laws of these jurisdictions will be applied in relation to one another.

The claims of the holders of the Notes are effectively subordinated to the rights of our existing and future senior secured creditors to the extent of the value of the assets constituting collateral.

While the Notes and the Subsidiary Guarantees are secured by a share pledge over the capital stock of the Issuer and share pledges over the capital stock of Unitymedia Management, Unitymedia Hessen and Unitymedia Verwaltung and a pledge over claims under certain domination and/or profit and loss absorption agreements, the Notes and the Subsidiary Guarantees are not secured by any other assets of the Issuer, the Guarantors or their respective subsidiaries. The indenture governing the Notes provides for a negative pledge and allows us and our restricted subsidiaries to incur a limited amount of secured indebtedness which will be effectively senior to the Notes and the Subsidiary Guarantees. In the event of any distribution or payment of our assets in any foreclosure, dissolution, winding-up, liquidation, administration, reorganization, or other insolvency or bankruptcy proceeding, holders of such secured indebtedness will have prior claim to those of our assets that constitute their collateral. In these circumstances, we cannot assure you that there will be sufficient assets to pay amounts due on the Notes. As a result, holders of Notes may receive less, ratably, than holders of other secured indebtedness.

The Subsidiary Guarantees will be subordinated to certain of our existing and future senior debt.

Each of the Subsidiary Guarantees will be the senior subordinated obligation of the relevant guarantor. In addition, no enforcement action with respect to the Subsidiary Guarantees (or any future guarantee of the Notes, if any) may be taken unless (subject to certain limited exceptions): (i) an acceleration of the Unitymedia KabelBW Revolving Credit Facilities, the Existing Senior Secured Notes or any of our other senior secured debt; (ii) there is a default on the Notes outstanding after a period of 179 days from that date the agent under the Unitymedia KabelBW Revolving Credit Facilities, the Trustee or the creditor representative for holders of other senior secured debt delivers written notice of such default; (iii) an enforcement action has been taken with respect to certain secured liabilities; *provided* that the Trustee and holders of the Notes will be limited to taking the same action; or (iv) with respect to any enforcement action in relation to a particular guarantor of the Notes, an insolvency event has occurred with respect to such guarantor. Please see "*Description of Other Indebtedness — Group Intercreditor Agreement".*

The Subsidiary Guarantees and the Collateral may be limited by applicable laws or subject to certain limitations or defenses that may adversely affect their validity and enforceability.

Our obligations under the Notes are guaranteed by the Guarantors (as described under "*Summary — Summary of the Notes — Subsidiary Guarantees*" and "*Summary — Summary of the Notes — Ranking of the Subsidiary Guarantees*") and will be secured by certain of our assets and assets of the Guarantors (as described under "*Summary — Summary of the Notes — Security and Intercreditor Agreements*"). The Notes, the Subsidiary Guarantees or the Collateral may be subject to claims that they should be limited or subordinated under German, United States or other applicable law. The enforcement of the Subsidiary Guarantees and the Collateral will be limited to the extent that the granting of such Subsidiary Guarantee or the Collateral is not in the relevant Guarantor's corporate interests, would be in breach of capital maintenance or thin capitalization rules or any other general statutory laws or that the burden of such Subsidiary Guarantee or the Collateral securing such Subsidiary Guarantee exceed the benefit to the relevant Guarantor. In particular, as the Guarantors are organized under the laws of Germany, the obligations of each Guarantor under a Guarantee and the related security interests over the Collateral will be contractually limited under German law to the extent that the granting of such Subsidiary Guarantee or security interest would result in a breach of capital maintenance rules or any other general statutory laws or would cause the directors of such Guarantor to contravene their fiduciary duties, to incur civil or criminal liability or to contravene any legal prohibition. See "*— All of the providers of the Collateral and the Guarantors are incorporated or established in the form of a German GmbH (limited liability company) or a German GmbH & Co. KG (limited partnership with a limited liability company as general partner). Consequently, the grant of the Collateral by these companies is subject to the capital maintenance rules under the GmbH Gesetz (Limited Liability Company Act)*".

The grant of the Collateral in favor of the Security Trustee and the Subsidiary Guarantees may also be voidable by the grantor or by an insolvency trustee, liquidator, receiver or administrator or by other creditors, or may be otherwise set aside by a court, if certain events or circumstances exist or occur, including, among others,

if the grantor is deemed to be insolvent at the time of the grant, or if the grant permits the secured parties to receive a greater recovery than if the grant had not been given and insolvency proceedings in respect of the grantor are commenced within a legally specified "clawback" period following the grant. See "— *The insolvency laws of Germany and other local insolvency laws may not be as favorable to you as the U.S. bankruptcy laws and may preclude holders of the Notes from recovering payments due on the Notes*". Accordingly, enforcement of any such Subsidiary Guarantee or the Collateral would be subject to certain defenses available to the grantor thereof generally or, in some cases, to limitations contained in the Indentures or the documents governing the Collateral designed to ensure compliance with capital maintenance rules and other statutory requirements applicable to the relevant Guarantors. As a result, a Guarantor's liability under its Subsidiary Guarantee, or the Collateral, could be materially reduced or eliminated.

In addition, the granting of new security interests and Subsidiary Guarantees in connection with the issuance of the Notes may trigger hardening periods for such security interests or Subsidiary Guarantees. The applicable hardening period for these new security interests or Subsidiary Guarantees will run from the moment each new security interest or Subsidiary Guarantee has been granted or perfected. At each time, if the security interest or Subsidiary Guarantee recreated or granted were to be enforced and a petition for the commencement of insolvency proceedings were to be filed before the end of the respective hardening period applicable in such jurisdiction, it may be declared void or ineffective or it may not be possible to enforce it. See "— *The insolvency laws of Germany and other local insolvency laws may not be as favorable to you as the U.S. bankruptcy laws and may preclude holders of the Notes from recovering payments due on the Notes*".

It is possible that a Guarantor, a creditor of a Guarantor, the grantor of the Collateral or a creditor thereof, or the insolvency administrator in the case of the insolvency of a Guarantor or of a grantor of Collateral, may contest the validity and enforceability of the Guarantor's Subsidiary Guarantee or the Collateral on any of the above grounds and that the applicable court may determine that the Subsidiary Guarantee or the Collateral should be limited or voided. To the extent that agreed limitations on the Subsidiary Guarantees or the Collateral obligations apply, the Notes would be to that extent effectively subordinated to that extent to all liabilities of the applicable Guarantor or the grantor of the Collateral, including trade payables of such Guarantor or of such grantor of Collateral. Future Subsidiary Guarantees or collateral to be granted may be subject to similar limitations.

The Collateral will not initially secure the Notes.

Prior to the Collateral Grant Date, the Notes are unsecured obligations of the Issuer and the Guarantors. We will agree under the Indenture to take such necessary actions so that no later than December 31, 2015, the obligations of the Issuer and the Guarantors under the Notes and the Subsidiary Guarantees, respectively, will be secured by the Collateral. There can be no assurances that we will be successful in procuring such liens within the time period specified, the failure of which would result in an event of default under the Indenture.

The value of the Collateral securing the Notes may not be sufficient to satisfy our obligations under the Notes and the Collateral may be reduced or diluted under certain circumstances. Before any amounts are available to repay the Notes, lenders under the Unitymedia KabelBW Revolving Credit Facilities, the Existing Senior Secured Notes and certain hedge counterparties will have a right to be repaid with the proceeds from enforcement of the Collateral.

The obligations of the Issuer with respect to the Notes are secured by the Collateral, as more fully described in these Listing Particulars under "*Description of the Notes — Ranking of the Notes, Subsidiary Guarantees and Security*". The Notes are guaranteed on a senior subordinated basis by the Guarantors. The Notes are also guaranteed on a senior subordinated basis by each other subsidiary that guarantees the Existing Senior Notes or certain other indebtedness of the Issuer or the Guarantors. The Notes are secured by the Issuer Share Pledge (which will, after giving effect to the Holdco Intercreditor Agreement and the Refinancing, contractually rank equally and ratably with the Existing Senior Notes), junior priority share pledges over all the capital stock of Unitymedia Management, Unitymedia Verwaltung and Unitymedia Hessen, and a junior pledge over claims under certain domination and/or profit and loss absorption agreements. Furthermore, pursuant to the Group Intercreditor Agreement, the lenders under the Unitymedia KabelBW Revolving Credit Facilities, the holders of Existing Senior Secured Notes, and certain hedging counterparties will have priority over the holders of the Notes. Such assets which form part of the Collateral may also be pledged to secure other senior debt under certain circumstances. In the event of an enforcement of the pledges in respect of the Notes, the proceeds from the sale of the assets underlying the pledges may not be sufficient to satisfy the Issuer's obligations with respect to the Notes. In the event of an enforcement of the Collateral, the proceeds from the sale of the Collateral may not be sufficient to satisfy the Issuer's obligations with respect to the Notes. The value of the

assets constituting the Collateral will depend on many factors including, among other things, whether or not the business is sold as a going concern, the ability to sell the assets in an orderly sale, the availability of buyers and whether approvals required to purchase the business would be available to a prospective buyer of the assets. In addition, the Group Intercreditor Agreement provides that, in the event of any distribution of the proceeds from the sale of any shared collateral in effect securing the Notes, the lenders under the Unitymedia KabelBW Revolving Credit Facilities, holders of the Existing Senior Secured Notes and counterparties to certain of our hedging obligations will be entitled to receive from such distribution payment in full in cash before the holders of the Notes and the Existing Senior Notes will be entitled to receive any payment from such distribution with respect to the Notes and the Existing Senior Notes.

Subject to certain conditions, any Subsidiary Guarantee by a pledged entity and any security interests in its Collateral will be released at the time of an enforcement sale of such pledged entity or of the shares of any direct or indirect parent entity of such pledged entity, and any security interests in specific Collateral will also be automatically released at the time of an enforcement sale of such Collateral. Following such a sale, the trustee and the holders of the Notes will have no claims in relation to such entity and its direct and indirect subsidiaries under the Notes or any Subsidiary Guarantee.

The Collateral that is or will be pledged or assigned for the benefit of the holders of the Notes may provide for only limited repayment of the Notes, in part because most of these shares or other assets may not be liquid and their value to other parties may be less than their value to us. Likewise, we cannot assure you that the Collateral will be saleable or, if saleable, that there will not be substantial delays in the liquidation thereof. Not all of our assets will secure the Notes and it is possible that the value of the Collateral will not be sufficient to cover the amount of indebtedness secured by the Collateral. With respect to any shares of our subsidiaries pledged to secure the Notes and the Subsidiary Guarantees, such shares may also have limited value in the event of a bankruptcy, insolvency or other similar proceedings in relation to the entity's shares that have been pledged because all of the obligations of the entity whose shares have been pledged must first be satisfied, leaving little or no remaining assets in the pledged entity. As a result, the creditors secured by a pledge of the shares of these entities may not recover anything of value in the case of an enforcement sale. In addition, the value of the Collateral may decline over time.

In addition, the Indenture permits the granting of certain liens other than those in favor of the holders of the Notes on the Collateral securing the Notes. To the extent that holders of other secured indebtedness or third parties enjoy liens, including statutory liens, whether or not permitted by the Indenture or the security documents, such holders or third parties may have rights and remedies with respect to the Issuer's and the Guarantors' shares or other assets that, if exercised, could reduce the proceeds available to satisfy the Issuer's obligations under the Notes. Moreover, if the Issuer issues additional notes or other *pari passu* indebtedness under the Indenture, holders of such additional notes or such other *pari passu* indebtedness would benefit from the same collateral as the holders of the Notes being offered hereby, thereby diluting your ability to benefit from the Collateral.

All of the providers of the Collateral and the Guarantors are incorporated or established in the form of a German GmbH (limited liability company) or a German GmbH & Co. KG (limited partnership with a limited liability company as general partner). Consequently, the grant of the Collateral by these companies is subject to the capital maintenance rules under the GmbH Gesetz (Limited Liability Company Act).

As a general rule, sections 30 and 31 of the GmbH Gesetz (the "**German Capital Maintenance Rules**") prohibit a GmbH from repaying funds required to maintain its stated share capital to its shareholders and prohibit a GmbH & Co. KG from repaying funds required to maintain the stated share capital of its general partner to the general partner's shareholders. Subsidiary Guarantees, share pledges and any other collateral granted by a GmbH (and under certain conditions by a GmbH & Co. KG) in order to guarantee or secure liabilities of a direct or indirect parent or sister company are considered, subject to certain exceptions, repayments under the German Capital Maintenance Rules. As a consequence, to the extent that the amount of the GmbH's or of the GmbH & Co. KG's general partner's net assets (i.e., assets minus liabilities and liability reserves) is or would fall below the amount of its stated share capital, payments under a guarantee or the enforcement of a security interest may constitute a breach of the German Capital Maintenance Rules. Therefore, in order to enable a German GmbH or GmbH & Co. KG to issue guarantees or create security interests to secure liabilities of a direct or indirect parent or sister company without the risk of violating the German Capital Maintenance Rules, it is standard market practice for indentures, credit agreements, guarantees and security documents to contain so called "limitation language" in relation to companies in the legal form of a GmbH or a GmbH & Co. KG incorporated or established in Germany. Pursuant to such limitation language, the Subsidiary Guarantees and the Collateral, subject to certain exceptions, will only be enforceable against a German security grantor to the extent that such enforcement does not result in the subsidiary's net assets falling

below its stated share capital or, in the case of a GmbH & Co. KG, the stated share capital of its general partner or, as the case may be, if the net assets are already below the amount of the stated share capital to cause such amount to be further reduced. Accordingly, the Indenture, the Subsidiary Guarantees and the security documents in relation to the Collateral will contain such limitation language and the relevant Subsidiary Guarantees and the Collateral will be so limited.

For purposes of the German Capital Maintenance Rules, the net assets are calculated pursuant to German GAAP (as set out in the German Commercial Code (HGB)). However, the limitation language in the Indenture and the security documents in relation to the Collateral provides for certain adjustments to this calculation that deviate from German GAAP. As a result of these adjustments, the net assets available for enforcement may be increased beyond the amount as calculated for purposes of the German Capital Maintenance Rules. There can be no assurance that such contractual adjustments will be upheld by the German courts.

The rights of holders of the Notes to enforce remedies with respect to the Collateral are subject to collateral sharing arrangements.

The security interest in our assets serving as the Collateral for the Notes and the Subsidiary Guarantees have also been or will also be granted as collateral in favor of the lenders under the Unitymedia KabelBW Revolving Credit Facilities, our hedging counterparties and the holders of the Existing Senior Secured Notes. The Intercreditor Agreements, the Unitymedia KabelBW Revolving Credit Facilities, the indentures in relation to the Existing Senior Secured Notes and the Indenture also permit security interests in the Collateral to be granted to creditors of additional indebtedness and to hedging counterparties under certain of our hedging obligations. The Intercreditor Agreements provide or will provide that a common security agent, who also serves as the security agent for the lenders under the Unitymedia KabelBW Revolving Credit Facilities, our hedging obligations and any additional secured debt, may act only as provided for in the Intercreditor Agreements. In general, the lenders and the agent under the Unitymedia KabelBW Revolving Credit Facilities and the representatives of our hedging counterparties, the trustee under any of the Existing Senior Secured Notes and the Existing Senior Notes and any agent with respect to any future secured debt will have, subject to any stop notice provided to the Trustee or the trustee of the Existing Senior Notes pursuant to the Group Intercreditor Agreement, the right to enforce the shared Collateral. The Intercreditor Agreements provide or will provide that the enforcement sale of any Collateral will be subject to, as a condition to the release of any claims of any other indebtedness secured by such Collateral under the Intercreditor Agreement, certain protections intended to maximize the cash recovery from an enforcement sale. The lenders under the Unitymedia KabelBW Revolving Credit Facilities, the holders of the Existing Senior Secured Notes, our hedge counterparties or any other future class of debt secured by the Collateral may have interests that are different from the interests of holders of the Notes and the Existing Notes and they may elect to pursue their remedies under the security documents at a time when it would not be advantageous for the holders of the Notes or the Existing Notes to do so.

In addition, if the lenders or the agent under the Unitymedia KabelBW Revolving Credit Facilities, the holders of the Existing Senior Secured Notes, or our hedging obligations sell either some or all of our subsidiaries or any direct or indirect parent entity of such subsidiary or other assets through an enforcement of their security interests in accordance with the terms of the Group Intercreditor Agreement, the Subsidiary Guarantees from any such Guarantor that is sold and any Subsidiary Guarantee issued by any of its subsidiaries and the security over any such assets securing the Notes and any Subsidiary Guarantee will be automatically released. See "*Description of Other Indebtedness — Group Intercreditor Agreement*".

You may not be able to enforce the Collateral and the Subsidiary Guarantees due to procedural requirements and to restrictions on enforcement contained in German corporate law.

The enforcement of the share pledges is limited by the prerequisites of the formalized statutory enforcement proceedings of mandatory German law which, in principle, provide for a sale of the pledged shares in public auction rather than in a private sale.

To the extent the security grantors are Guarantors, the enforcement of the Collateral will be subject to contractual restrictions relating to German corporate law requirements, in particular capital maintenance rules. For further information see "*— All of the providers of the Collateral and the Guarantors are incorporated or established in the form of a German GmbH* (*limited liability company*) *or a German GmbH & Co. KG* (*limited partnership with a limited liability company as general partner*). *Consequently, the grant of the Collateral by these companies is subject to the capital maintenance rules under the GmbH Gesetz* (*Limited Liability Company Act*)".

Also, it cannot be ruled out that the case law of the German Federal Court of Justice regarding so-called "destructive interference" (i.e., the situation where a shareholder deprives a limited liability company of the liquidity necessary for it to meet its own payment obligations) may be applied by courts with respect to the enforcement of the Subsidiary Guarantees and the Collateral granted by Guarantors to the extent such enforcement would deprive the relevant security grantor of the liquidity necessary to meet their respective payment obligations. In such case, the amount of proceeds to be realized in an enforcement process may be reduced. According to a decision of the German Federal Court of Justice, a security agreement may be void due to tortious inducement of breach of contract if a creditor knows about the stressed financial situation of the debtor and anticipates that the debtor will only be able to grant collateral by disregarding the vital interests of its other business partners. It cannot be ruled out that courts may apply this case law with respect to the granting of the Subsidiary Guarantees and the Collateral.

Any pledge of the Collateral might be voidable in insolvency.

Any pledge of the Collateral in favor of the Trustee or Security Trustee, including pursuant to security documents delivered after the date of the Indenture, might be voidable by a custodian (*Sachwalter*) of the pledgor (as debtor in possession) or by an appointed insolvency administrator if certain events or circumstances exist or occur, including, among others, if (i) the pledgor is unable to pay its debts due at the time of the pledge, (ii) the pledge permits the holders of the Notes to receive a greater recovery than if the pledge had not been given, and (iii) insolvency proceedings in respect of the pledgor are applied for or are commenced within three months following the pledge, or, in certain circumstances, a longer period.

The Issuer and its subsidiaries are organized under the laws of Germany and most of their assets are located in and activities are conducted in Germany. Consequently, in the event of an insolvency of any Issuer or a Guarantor, insolvency proceedings may be initiated in Germany. German law would generally govern most aspects of such proceedings. For a description of German insolvency laws and its risks see the respective risk factor "*— The insolvency laws of Germany and other local insolvency laws may not be as favorable to you as the U.S. bankruptcy laws and may preclude holders of the Notes from recovering payments due on the Notes*".

The ability of the Security Trustee to enforce the Collateral is subject to uncertainties under German law.

There is uncertainty under German law as to whether obligations to beneficial owners of the Notes that are not identified as registered holders in a security document will be validly secured by accessory security such as pledges over shares, partnership interests or receivables, including bank accounts. Therefore, there are risks regarding the enforceability of such pledges. In this connection, the Intercreditor Agreements contain a provision pursuant to which the Issuer and the Guarantors will be obliged to pay to the Security Trustee as joint and several creditor any amount owed by them under the Notes and the Indenture. Further, the Indenture contains an abstract acknowledgement of debt (*abstraktes Schuldanerkenntnis*) granted to the Security Trustee in relation to which the Issuer and the Guarantors will be obliged to pay the Security Trustee as several creditor any amount owed by them under the Notes and the Indenture. Each of the joint and several obligations pursuant to the Intercreditor Agreements and the several obligations pursuant to the Indenture creates a so-called parallel debt which is secured by the Collateral. However, German courts have not yet ruled in respect of such a parallel debt structure. As a result, we cannot assure holders of the Notes that such structure will eliminate or mitigate the risk of unenforceability of such pledges posed by German law. If any challenge to the validity of such pledges or the parallel debt structure was successful, holders of the Notes may not be able to recover any amounts under such pledges.

The Issuer and the Guarantors will have control over the Collateral securing the Notes, and the sale of particular assets could reduce the pool of assets securing the Notes.

The security documents will allow the Issuer and the Guarantors to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from the Collateral. So long as no default or event of default under the Indenture would result therefrom, the Issuer and the Guarantors may, among other things, without any release or consent by the Security Trustee, conduct ordinary course activities with respect to the Collateral, such as selling, factoring, abandoning or otherwise disposing of the Collateral and making ordinary course cash payments, including repayments of indebtedness.

It may be difficult to realize the value of the Collateral securing the Notes.

The Collateral securing the Notes will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Unitymedia KabelBW Revolving Credit Facilities, the indentures governing the Existing Senior Secured Notes and the Existing Senior Notes, the Indenture and/or the Intercreditor Agreements and accepted by other creditors that have the benefit of prior ranking security interests in the Collateral securing the Notes from time to time, whether on or after the date the Notes are first issued. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral, as well as the ability of the Security Trustee to realize or foreclose on the Collateral. Furthermore, the ranking of security interests can be affected by a variety of factors, including, among others, the timely satisfaction of perfection requirements, statutory liens or recharacterization under the laws of certain jurisdictions. For example, certain pledges in favor of the holders of the Existing Senior Notes and the Existing Senior Secured Notes and lenders under the Unitymedia KabelBW Revolving Credit Facilities rank prior (in time and in law) to the pledges granted over the Collateral to secure the Notes. In order to realize the value of the Collateral, the holders of the Notes have to rely on the provisions of the Intercreditor Agreements which provide that, in the event of any distribution of the proceeds from the sale of (i) the capital stock of the Issuer, the holders of the Notes and the Existing Notes will be entitled to receive payment from such distribution on a pro rata basis and (ii) any shared Collateral (other than the capital stock of the Issuer), the holders of the Existing Senior Secured Notes, lenders under the Unitymedia KabelBW Revolving Credit Facilities and certain hedge counterparties will be entitled to receive payment from each distribution before the holders of the pledges securing the Existing Senior Notes and the Notes will be entitled to receive any payment from such distribution with respect to the Existing Senior Notes and the Notes. See "*— The ranking of certain pledges over the Collateral that secure the Notes rank junior "in rem" under German law to certain other pledges granted in favor of the lenders under the Existing Senior Notes*" and "*Description of Other Indebtedness — Intercreditor Agreements*".

The security interests of the Security Trustee will be subject to practical problems generally associated with the realization of security interests over real and personal property such as the Collateral. For example, the Security Trustee may need to obtain the consent of a third party to enforce a security interest. We cannot assure you that the Security Trustee will be able to obtain any such consents. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the Security Trustee may not have the ability to foreclose upon those assets, and the value of the Collateral may significantly decrease.

The ranking of certain pledges over the Collateral that secure the Notes rank junior "in rem" under German law to certain other pledges granted in favor of the lenders under the Existing Senior Notes.

Under German law, the ranking of several security interests in the form of pledges over the same assets is determined, as a matter of law, by the timing of the grant of the several pledges, and pledges granted at an earlier point in time will have a higher rank than pledges granted at a later point in time over the same assets (*Prioritätsgrundsatz*). The pledges to be granted to secure the Notes cover the same assets as the pledges already granted to secure the obligations under the Existing Senior Notes (together the "Existing Pledges") and will therefore have to be granted as junior ranking pledges which as a matter of law rank below the corresponding Existing Pledges. Although the Holdco Intercreditor Agreement will provide that, as amongst the parties, pledges securing obligations under the Existing Senior Notes and the Notes shall rank *pari passu* and prior to any pledges in favour of the Existing Senior Notes, these provisions under the Holdco Intercreditor Agreement are only of a contractual nature and cannot enhance the junior rank *in rem* of the pledges (i.e., the pledges over accounts, certain receivables, shares and partnership interests) granted to secure the obligations under the Notes. In the event of insolvency proceedings opened under German law against a security grantor of such junior ranking pledges, the preferential rights of the secured parties under such junior ranking pledges would rank behind the preferential rights of the secured parties under the senior ranking pledges over the same assets, regardless of the provisions of the Holdco Intercreditor Agreement. The secured parties under such junior ranking pledges would have to rely on the turnover provisions of the Holdco Intercreditor Agreement in order to share in any enforcement proceeds.

Your rights in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral.

Under applicable law, a security interest in certain tangible and intangible assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party or the grantor of the

security. The liens on the Collateral securing the Notes may not be perfected with respect to the claims of the Notes if we, or the Security Trustee, fail or are unable to take the actions required to perfect any of these liens. In addition, applicable law may require that certain property and rights acquired after the grant of a general security interest, such as equipment subject to a certificate and certain proceeds, can only be perfected at or promptly following the time such property and rights are acquired and identified.

There are circumstances other than repayment or discharge of the Notes under which the Subsidiary Guarantees and the Collateral will be released automatically.

The Group Intercreditor Agreement provides that the shared Collateral and Subsidiary Guarantees relating to the liabilities owed to the lenders of the Unitymedia KabelBW Revolving Credit Facilities, the hedge counterparties and the holders of the Existing Senior Secured Notes, the Existing Senior Notes and the Notes offered hereby will be released in certain circumstances. In particular, on the Collateral Grant Date, the Collateral will include a pledge over claims under certain domination and/or profit and loss absorption agreements by Unitymedia Management, Unitymedia NRW and Unitymedia Verwaltung (the "**Additional Collateral**"), The Additional Collateral will, however, be automatically released without the need for any consent from holders of the Notes at such time as all other liens on the Additional Collateral that secures any other Indebtedness having equal or substantially equal lien priority to the Notes and the Subsidiary Guarantees, as the case may be (taking into account the Group Intercreditor Agreement), are simultaneously released in accordance with the terms of such indebtedness. The Indenture also permits amendments to any Collateral or the provisions of the Indenture dealing with Collateral which are, taken as a whole, materially adverse to the holders or otherwise release all or substantially all of the Collateral with the consent of at least 75% in aggregate principal amount of Notes then outstanding. See "*Description of the Notes*" and "*Description of Other Indebtedness — Intercreditor Agreements*". Moreover, certain proceeds received by the lenders under the Unitymedia KabelBW Revolving Credit Facilities, hedge counterparties and the holders of the Existing Senior Secured Notes, the Existing Senior Notes and the Notes must be turned over to the Security Trustee pursuant to the Intercreditor Agreements for application in accordance with the Intercreditor Agreements.

The value of the Collateral may decrease because of obsolescence, impairment or certain casualty events.

The value of our cable network assets and other properties that the Issuer and the Guarantors own that serve as Collateral may be adversely affected by depreciation and normal wear and tear or because of certain events that may cause damage to these properties. Although the various finance documents to which the Issuer and the Guarantors are a party may contain certain covenants in relation to the maintenance and preservation of assets, the Issuer and the Guarantors will not be required to improve the Collateral. The Issuer and the Guarantors will be obliged under the various finance documents to which the Issuer and the Guarantors are a party to maintain insurance with respect to the Collateral, but the proceeds of such insurance may not be sufficient to rebuild or restore such properties to their original condition prior to the occurrence of the events that caused the insured damages or to account for loss of earnings. Those insurance policies will most certainly not cover all the events that may conceivably result in damage to the Collateral.

We may not be able to obtain enough funds necessary to finance an offer to repurchase your Notes upon the occurrence of certain events constituting a change of control (as defined in the Indenture) as required by the Indenture.

Upon the occurrence of certain events constituting a change of control, the Issuer is required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest to the date of purchase. If a change of control were to occur, we cannot assure you that the Issuer would have sufficient funds available at such time to pay the purchase price of the outstanding Notes or that the restrictions in the Unitymedia KabelBW Revolving Credit Facilities and the indentures governing the Existing Senior Secured Notes and the Existing Senior Notes or our other then existing contractual obligations would allow the Issuer to make such required repurchases. A change of control may result in an event of default under, or acceleration of, the Unitymedia KabelBW Revolving Credit Facilities, the Existing Senior Secured Notes, the Existing Senior Notes, the Notes and other indebtedness or trigger a similar obligation to offer to repurchase loans or notes thereunder. The repurchase of the Notes pursuant to such an offer could cause a default under such indebtedness, even if the change of control itself does not. The Issuer's ability to pay cash to the holders of the Notes following the occurrence of a change of control may be limited by our then existing financial resources. Sufficient funds may not be available when necessary to make any required repurchases. If an event constituting a "change of control" (as defined in the Indenture) occurs at a time when the Issuer is prohibited from repurchasing Notes, we may seek the consent of the lenders

under such indebtedness to the purchase of Notes or may attempt to refinance the borrowings that contain such prohibition. If we do not obtain such consent or repay such borrowings, the Issuer will remain prohibited from repurchasing any tendered Notes. In addition, we expect that we would require third-party financing to make an offer to repurchase the Notes upon a change of control. We cannot assure you that we would be able to obtain such financing. Any failure by the Issuer to offer to purchase Notes would constitute a default under the Indenture, which would, in turn, constitute a default under the Unitymedia KabelBW Revolving Credit Facilities and the indentures governing the Existing Senior Secured Notes and the Existing Senior Notes. See "*Description of the Notes — Certain Covenants — Change of Control*".

The change of control provisions contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including reorganization, restructuring, merger or other similar transaction involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "change of control" as defined in the Indenture. Except as described under "*Description of the Notes — Certain Covenants — Change of Control*", the Indenture does not contain provisions that require the Issuer to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction.

The definition of "change of control" contained in the Indenture includes a disposition of all or substantially all of the assets of the Issuer and its restricted subsidiaries taken as whole to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Issuer and its restricted subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

United States securities laws restrict the circumstances under which you can transfer the Notes.

The Issuer offered the Notes in reliance upon exemptions from registration under the U.S. Securities Act and applicable state securities laws. Therefore, the Notes may be transferred or resold only in transactions registered under, exempt from or not subject to the registration requirements of the U.S. Securities Act and all applicable state securities laws. You should read the discussion under "*Transfer Restrictions*" for further information about these and other transfer restrictions. It is your obligation to ensure that your offers and sales of Notes comply with applicable law.

There may not be an active trading market for the Notes in which case your ability to sell the Notes will be limited.

We cannot assure you as to:

- the liquidity of any market in the Notes;
- your ability to sell your Notes; or
- the prices at which you would be able to sell your Notes.

Future trading prices of the Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. Historically, the market for non-investment grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities and is subject to disruptions that may cause volatility in prices. It is possible that the market for the Notes will be subject to disruptions. Any such disruption may have a negative effect on you, as a holder of Notes, regardless of our prospects and financial performance. As a result, there may not be an active trading market for the Notes. If no active trading market develops, you may not be able to resell your Notes at a fair value, if at all.

Although the Issuer will use their reasonable best efforts to have the Notes listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF within a reasonable period after the issue date of the Notes and to maintain such listing as long as the Notes are outstanding, the Issuer cannot assure you that the Notes will become or remain listed. If the Issuer can no longer maintain the listing on the Official List of the Luxembourg Stock Exchange and the admission to trading on the Euro MTF or it becomes unduly burdensome to make or maintain such listing, the Issuer may cease to make or maintain such listing on the Official List of the Luxembourg Stock Exchange, provided that they will use reasonable best efforts to obtain

and maintain the listing of the Notes on another stock exchange although there can be no assurance that the Issuer will be able to do so. Although no assurance is made as to the liquidity of the Notes as a result of listing on the Official List of the Luxembourg Stock Exchange or another recognized listing exchange for high yield issuers in accordance with the Indenture, failure to be approved for listing or the delisting of the Notes from the Official List of the Luxembourg Stock Exchange or another listing exchange in accordance with the Indenture may have a material adverse effect on a holder's ability to resell Notes in the secondary market.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

You may face foreign exchange risks by investing in the Notes.

The Notes are denominated and payable in euro. If you measure your investment returns by reference to a currency other than the euro, an investment in the Notes entails foreign exchange related risks due to, among other factors, possible significant changes in the value of the euro relative to the currency by reference to which you measure your investment returns because of economic, political and other factors over which we have no control. Depreciation of the euro against the currency by reference to which you measure your investment returns could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to you when the return on the Notes is translated into the currency by reference to which you measure your investment returns. There may be tax consequences for you as a result of any foreign currency gains or losses from any investment in the Notes.

Market perceptions concerning the instability of the euro, the potential re-introduction of individual currencies within the eurozone, or the potential dissolution of the euro entirely, could adversely affect the value of the Notes.

Despite the European Commission's measures to address sovereign debt issues in Europe, concerns persist regarding the debt burden of certain eurozone countries and their ability to meet future financial obligations, the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual Member States. These and other concerns could lead to the re-introduction of individual currencies in one or more Member States, or, in more extreme circumstances, the possible dissolution of the euro entirely. Should the euro dissolve entirely, the legal and contractual consequences for holders of euro-denominated obligations would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the Notes.

You may be unable to recover in civil proceedings for U.S. securities laws violations.

The Issuer is organized under the laws of Germany and do not have any assets in the United States. It is anticipated that some or all of the directors and executive officers of the Issuer will be non-residents of the United States and that all or a majority of their assets will be located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer or its respective directors and executive officers, or to enforce any judgments obtained in U.S. courts predicated upon civil liability provisions of the U.S. securities laws. In addition, the Issuer cannot assure you that civil liabilities predicated upon the federal securities laws of the United States will be enforceable in Germany. See "*Enforcement of Judgments*".

The Notes are initially held in book-entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

Unless and until Notes in definitive registered form, or definitive registered notes, are issued in exchange for book-entry interests, owners of book-entry interests will not be considered owners or holders of the Notes. The common depositary for Euroclear or Clearstream (or its nominee) will be the sole holder of the global notes representing the Notes. After payment to the common depositary or the nominee (as the case may be), the Issuer will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of Euroclear or Clearstream, as applicable, and if you are not a participant in Euroclear or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights of a holder of the Notes under the Indenture. See "*Book Entry, Delivery and Form of Notes*".

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear or Clearstream. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any request actions on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear or Clearstream. The Issuer cannot assure you that the procedures to be implemented through Euroclear or Clearstream will be adequate to ensure the timely exercise of rights under the Notes. See "*Book Entry, Delivery and Form of Notes*".

A Note may be treated as issued with original issue discount for U.S. federal income tax purposes.

A Note may be treated as having been issued with original issue discount for U.S. federal income tax purposes. An obligation generally is treated as having been issued with original issue discount if its stated redemption price at maturity exceeds its issue price by at least a *de minimis* amount. If a Note is treated as issued with original issue discount, U.S. investors will be subject to tax on that original issue discount as it accrues, in advance of the receipt of cash payments attributable to that income (and in addition to stated interest). See "*Certain Tax Considerations — Certain U.S. Federal Income Tax Considerations*".

Employee benefit plan considerations.

Each acquirer and each transferee of a Note or any interest therein will be deemed to have represented, warranted and agreed at the time of its acquisition and throughout the period that it holds such Note or any interest therein that (1) either (a) it is not, and is not acting on behalf of (and for so long as such acquirer or transferee holds such Note or any interest therein will not be, and will not be acting on behalf of), a Benefit Plan Investor (as defined under "*Transfer Restrictions*") or a governmental, church or non-U.S. plan which is subject to any Similar Laws (as defined under "*Transfer Restrictions*"), and no part of the assets used by it to acquire or hold any Note or any interest therein constitutes the assets of any Benefit Plan Investor or any such governmental, church or non-U.S. plan, or (b) its acquisition, holding and disposition of such Note does not and will not constitute or otherwise result in a non-exempt prohibited transaction under Section 406 of ERISA (as defined under "*Transfer Restrictions*") and/or Section 4975 of the Code (as defined under "*Transfer Restrictions*") (or, in the case of a governmental, church or non-U.S. plan, a non-exempt violation of any Similar Laws); and (2) neither the Issuer nor any of its affiliates is a "fiduciary" (as defined under "*Transfer Restrictions*") with respect to the purchaser or holder in connection with any purchase or holding of the Notes, or as a result of any exercise by the Issuer or any of its affiliates of any rights in connection with the Notes, and no advice provided by the Issuer or any of its affiliates has formed a primary basis for any investment decision by or on behalf of the purchaser or holder in connection with the Notes and the transactions contemplated with respect to the Notes. See "*Certain Employee Benefit Plan Considerations*" herein for a more detailed discussion of certain ERISA and related considerations with respect to an investment in the Notes.

If the conditions to the escrow release are not satisfied, the Issuer will be required to redeem all of the Notes, which means that you may not obtain the return you expect on the Notes.

Concurrently with the closing of the offering of the Notes on the Issue Date, the Issuer entered into the Escrow Agreement with the Trustee and the Escrow Agent, pursuant to which the Initial Purchasers deposited

with the Escrow Agent an amount equal to the gross proceeds of the offering of the Notes sold on the Issue Date. The funds in the Escrow Account will be released upon satisfaction of certain conditions related to the delivery and content of audited financial statements for the year ended December 31, 2014, as more specifically described under "*Description of the Notes — Escrow of Proceeds; Special Mandatory Redemption*".

The satisfaction of the conditions precedent referred to above is partly outside our control. However, except as noted below, we may seek to amend or waive the provisions of the Escrow Agreement (including, without limitation, the conditions to the Escrow Release and the other provisions relating to the release of the Escrowed Property) in ways that are materially adverse to the holders of the Notes with the written consent of holders representing a simple majority in aggregate principal amount of Notes then outstanding. The only provisions of the Escrow Agreement that can be amended only with the written consent of holders of at least 90% of the aggregate principal amount of Notes then outstanding are those requiring the Issuer to redeem the Notes in a Special Mandatory Redemption upon the occurrence of an Escrow Termination Date. If the conditions to the release are not satisfied by the Longstop Date for any reason, the Notes are subject to a special mandatory redemption and you may not obtain the return you expect to receive on such Notes. See "*Description of the Notes — Escrow of Proceeds; Special Mandatory Redemption*". Upon such redemption, you may not be able to reinvest the proceeds from the redemption in an investment that yields comparable returns.

The Escrowed Proceeds are limited to the gross proceeds of the offering of the Notes and might not be sufficient to pay the special mandatory redemption price, which is equal to 100% of the initial issue price of the Notes plus accrued and unpaid interest and additional amounts, if any, from the Issue Date to the date of the special mandatory redemption. In addition, the Issuer will be entitled to direct that the Escrowed Proceeds be invested or reinvested between principal and income, in certain cash and/or offshore money market funds. Any such investments may suffer a negative yield or be subject to other losses further reducing the proceeds available to pay the special mandatory redemption price. If the Escrowed Proceeds are not sufficient to cover the special mandatory redemption price, the Issuer would be required to pay the shortfall out of its own cash reserves.

The Issuer will not grant security over the Escrow Accounts for the benefit of the Trustee or the holders of Notes to secure the payment of the Special Mandatory Redemption Price. However, under the terms of the Escrow Agreement, the Issuer will not have any access to the Escrow Accounts or funds or other assets credited thereto, other than the limited contractual right to receive the Escrowed Proceeds under the circumstances specified in the Escrow Agreement. If the Issuer is declared bankrupt, becomes insolvent or is liquidated or reorganized prior to the Longstop Date and the Escrow Release, the Issuer's contractual right to receive the Escrowed Proceeds upon the satisfaction of the conditions set forth in the Escrow Agreement will be property of the Issuer's estates. As a result of the imposition of an automatic stay, the rights of the Trustee or the holders of the Notes may be subject to determination by the bankruptcy court or other court of competent jurisdiction and the release of the Escrowed Proceeds may be delayed. In the event that the Escrowed Proceeds are released to the Issuer, the holders of the Notes will not be entitled to be satisfied by the gross proceeds of the Notes on an exclusive or preferential basis, but will instead participate ratably in the distribution of the Escrowed Proceeds with all other holders of our other indebtedness that is not subordinated in right of payment to the Notes (including trade payables and all of our other general senior obligations), based on the respective amounts owed to each holder or creditor.

Your decision to invest in the Notes is made at the time of purchase. Unless they prevent the satisfaction of the limited escrow release conditions described above, changes in our business or financial condition between the closing of this offering and the release of the Escrowed Proceeds will have no effect on your rights as a purchaser of the Notes.

The selected operating and financial information reported under the caption "Summary — Recent Developments — Preliminary Operating and Financial Information for the Fourth Quarter of 2014" and in Annexure A for the fourth quarter and the full year ended December 31, 2014 is preliminary and may change.

Because the fourth quarter and full year of 2014 have only recently ended, the related operating and financial information included under the caption "*Summary — Recent Developments — Preliminary Operating and Financial Information for the Fourth Quarter of 2014*" in Annexure A to these Listing Particulars is preliminary and estimated based upon information available to us as of the date of these Listing Particulars. We have neither finalized our financial statement closing process for the fourth quarter or full year 2014 nor completed our normal procedures for the compilation and verification of operational data in respect of the fourth quarter and the full year of 2014. During the course of our closing process or compilation and verification procedures, we may identify items that would require us to make adjustments, which may be material, to the

financial or operating information presented in Annexure A. As a result, the estimated information included therein consists of forward-looking statements and is subject to significant risks and uncertainties, including possible adjustments to our preliminary results that could be material. These estimates should not be viewed as a substitute for interim or annual financial statements that have been prepared in accordance with IFRS or for fully verified operating data. In addition, any material adjustments may result in our inability to satisfy the conditions to release of the Escrowed Proceeds and trigger the Special Mandatory Redemption. See "— *If the conditions to the escrow release are not satisfied, the Issuer will be required to redeem all of the Notes, which means that you may not obtain the return you expect on the Notes*".

KPMG AG has not audited, reviewed, compiled or performed any procedures with respect to the preliminary financial data set forth in Annexure A to these Listing Particulars. Accordingly, KPMG AG does not express an opinion or any other form of assurance with respect thereto.

USE OF PROCEEDS

The net proceeds of the offering of the Notes are expected to be €694.6 million (after deducting an estimated €5.4 million of commissions and expenses associated with the offering of the Notes). The Initial Purchasers will deposit the gross proceeds of the offering of the Notes into the Escrow Accounts pending satisfaction of the conditions to release such proceeds. Upon release of the Escrowed Proceeds from the Escrow Accounts, the Issuer will use the Escrowed Proceeds to fund the Refinancing, including the related redemption premium, and for general corporate purposes.

CAPITALIZATION OF UNITYMEDIA KABELBW

The following table sets forth, in each case as of September 30, 2014, (i) the actual consolidated cash and cash equivalents and capitalization of Unitymedia KabelBW and (ii) the consolidated cash and cash equivalents and capitalization of Unitymedia KabelBW on an as adjusted basis after giving effect to the (a) November 2014 Financing Transactions, (b) November 2014 Financing Transactions and the December 2014 Financing Transactions, (c) November 2014 Financing Transactions, the December 2014 Financing Transactions and the March 2015 SSN Financing Transactions and (d) November 2014 Financing Transactions, the December 2014 Financing Transactions, the March 2015 SSN Financing Transactions, the issuance of the Notes offered hereby and the Refinancing. Issuance of the March 2015 Unitymedia KabelBW Senior Secured Notes and consummation of the March 2015 SSN Financing Transactions is subject to customary closing conditions precedent.

This table should be read in conjunction with "*Use of Proceeds*", "*Selected Consolidated Financial and Operating Data of Unitymedia KabelBW*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations of Unitymedia KabelBW*", "*Description of Other Indebtedness*", "*Description of the Notes", "Summary — Recent Developments",* and the Unitymedia KabelBW September 30, 2014 Condensed Consolidated Financial Statements included elsewhere in these Listing Particulars.

Any changes to the derivative instruments that Unitymedia KabelBW uses to manage foreign currency or interest rate risk that may occur as a result of the issuance of the Notes, the March 2015 Unitymedia KabelBW Senior Secured Notes, the December 2014 Unitymedia KabelBW Senior Secured Notes or the 2014 UM Senior Notes have not been reflected in the as adjusted data presented in this table. Except as set forth in the footnotes to this table, (i) there have been no material changes to Unitymedia KabelBW's cash and cash equivalents and third-party capitalization since September 30, 2014 and (ii) all translations into euros have been calculated at the September 30, 2014 exchange rate.

		September 30, 2014			
CASH AND CASH EQUIVALENTS AND CAPITALIZATION OF UNITYMEDIA KABELBW	**Actual**	**As Adjusted - November 2014 (1)**	**As Adjusted - December 2014 (2)**	**As Adjusted - February 2015 (3)**	**As Adjusted - March 2015 (4)**
			in millions		
Total cash and cash equivalents(5)	€ 13.3	€ 19.1	€ 5.5	€ 73.3	€ 63.7
Third-party debt(6):					
Unitymedia KabelBW:					
2009 UM Senior Notes(7)	€ 655.1	€ —	€ —	€ —	€ —
Unitymedia KabelBW Senior Exchange Notes (8)	616.6	616.6	616.6	616.6	—
2014 UM Senior Notes(9)	—	712.6	712.6	712.6	712.6
Notes offered hereby	—	—	—	—	700.0
Subsidiaries:					
Unitymedia KabelBW Senior Secured Exchange Notes(10)	1,107.8	1,107.8	—	—	—
December 2014 Unitymedia KabelBW Senior Secured Notes (11)	—	—	1,435.5	1,435.5	1,435.5
September 2012 Unitymedia KabelBW Senior Secured Notes (12)	650.0	650.0	650.0	585.0	585.0
December 2012 Unitymedia KabelBW Euro Senior Secured Notes (12) (10)	500.0	500.0	500.0	450.0	450.0
January 2013 Unitymedia KabelBW Senior Secured Notes (12)	500.0	500.0	500.0	450.0	450.0
April 2013 Unitymedia KabelBW Senior Secured Notes (12)	350.0	350.0	350.0	315.0	315.0
Other existing senior secured notes(13)	1,266.8	1,266.8	1,266.8	1,266.8	1,266.8
Super Senior Revolving Credit Facility(14)	—	80.0	—	—	—
Senior Revolving Credit Facility(15)	—	420.0	220.0	—	—
March 2015 Unitymedia KabelBW Senior Secured Notes (16)	—	—	—	500.0	500.0
Vendor financing	79.4	79.4	79.4	79.4	79.4
Transaction costs, accrued interest, finance	36.1	41.7	30.5	26.0	21.7

CASH AND CASH EQUIVALENTS AND CAPITALIZATION OF UNITYMEDIA KABELBW	Actual	September 30, 2014 As Adjusted - November 2014 (1)	As Adjusted - December 2014 (2)	As Adjusted - February 2015 (3)	As Adjusted - March 2015 (4)
			in millions		
lease obligations and other (17)					
Total third-party debt	5,761.8	6,324.9	6,361.4	6,436.9	6,516.0
Unitymedia KabelBW shareholder loans and other related-party loans payable, including accrued interest thereon (18)	1,332.8	1,332.8	1,332.8	832.8	832.8
Shareholder's deficit (19)	(69.1)	(110.1)	(146.0)	(151.5)	(215.0)
Total capitalization	€ 7,025.5	€ 7,547.6	€ 7,548.2	€ 7,118.2	€ 7,133.8

(1) The "As Adjusted — November 2014" amounts reflect the November 2014 Financing Transactions.

(2) The "As Adjusted — December 2014" amounts reflect the November 2014 Financing Transactions and the December 2014 Financing Transactions.

(3) The "As Adjusted — February 2015" amounts reflect the November 2014 Financing Transactions, the December 2014 Financing Transactions and the March 2015 SSN Financing Transactions.

(4) The "As Adjusted — March 2015" amounts reflect the November 2014 Financing Transactions, the December 2014 Financing Transactions, the March 2015 SSN Financing Transactions, the issuance of the Notes and the Refinancing.

(5) The "As Adjusted — November 2014" amount reflects the use of the proceeds from the issuance of the 2014 UM Senior Notes and the November RCF Drawdown to (i) fund the November 2014 Redemption, including the estimated redemption premium of €36.1 million, (ii) pay estimated expenses of €5.7 million associated with the offering of the 2014 UM Senior Notes, (iii) fund the November Loan Distribution and (iv) increase the cash and cash equivalents of Unitymedia KabelBW by €5.8 million. The "As Adjusted — December 2014" amount reflects the "As Adjusted — November 2014" amount and is further adjusted to reflect the use of the proceeds from the issuance of the December 2014 Unitymedia KabelBW Senior Secured Notes and €13.6 million of existing cash to (a) fund the December 2014 Refinancing, including the estimated redemption premium of €57.5 million, and (b) pay estimated expenses of €12.8 million associated with the offering of the December 2014 Unitymedia KabelBW Senior Secured Notes. The "As Adjusted — February 2015" amount reflects the "As Adjusted — December 2014" amount and is further adjusted to reflect the use of the proceeds from the issuance of the March 2015 Unitymedia KabelBW Senior Secured Notes to (1) fund the March 2015 SSN Refinancing, including the estimated redemption premium of €6.1 million, (2) pay estimated expenses of €6.1 million associated with the offering of the March 2015 Unitymedia KabelBW Senior Secured Notes and (3) increase the cash and cash equivalents of Unitymedia KabelBW by €67.8 million. The "As Adjusted — March 2015" amount reflects the "As Adjusted — February 2015" amount and is further adjusted to reflect the use of the proceeds from the issuance of the Notes and €9.6 million of existing cash to (A) fund the Refinancing, including the estimated redemption premium of €86.2 million, and (B) pay estimated expenses of €5.4 million associated with the offering of the Notes. The "As Adjusted" amounts have not been reduced for the payment of applicable accrued interest in connection with the Refinancing, the March 2015 SSN Refinancing, the December 2014 Refinancing or the November 2014 Redemption. For additional information, see *"Summary — Recent Developments"* and *"Use of Proceeds"*.

(6) The 2009 UM Senior Notes (€665.0 million principal amount outstanding), the Unitymedia KabelBW Senior Exchange Notes (€618.0 million principal amount outstanding) and the Unitymedia KabelBW Senior Secured Exchange Notes (euro equivalent €1,098.8 million principal amount outstanding) are presented together with the applicable discount or premium.

(7) The "As Adjusted" amounts reflect the November 2014 Redemption.

(8) The "As Adjusted — March 2015" amount reflects the Refinancing.

(9) The "As Adjusted" amounts reflect the issuance of the 2014 UM Senior Notes.

(10) The "As Adjusted — December 2014", "As Adjusted — February 2015" and "As Adjusted — March 2015" amounts reflect the December 2014 Redemption.

(11) The "As Adjusted — December 2014", "As Adjusted — February 2015" and "As Adjusted — March 2015" amounts reflect the issuance of the December 2014 Unitymedia KabelBW Senior Secured Notes.

(12) The "As Adjusted — February 2015" and "As Adjusted — March 2015" amounts reflect the March 2015 SSN Redemption.

(13) The other existing senior secured notes comprise the December 2012 Dollar Unitymedia KabelBW Senior Secured Notes and the November 2013 Unitymedia KabelBW Senior Secured Notes.

(14) The "As Adjusted — November 2014" amount reflects the November RCF Drawdown. The "As Adjusted — December 2014", "As Adjusted — February 2015" and "As Adjusted — March 2015" amounts reflect the November RCF Drawdown and the December 2014 RCF Prepayment.

(15) The "As Adjusted — November 2014" amount reflects the November RCF Drawdown. The "As Adjusted — December 2014" amount reflects the "As Adjusted — November 2014" amount and is further adjusted to reflect the December 2014 RCF Prepayment. The "As Adjusted — February 2015" and "As Adjusted — March 2015" amounts reflect the "As Adjusted — December 2014" amount and are further adjusted to reflect the March 2015 RCF Prepayment. For additional information, see *"Use of Proceeds"*.

(16) The "As Adjusted — February 2015" and "As Adjusted — March 2015" amounts reflect the issuance of the March 2015 Unitymedia KabelBW Senior Secured Notes.

(17) The "As Adjusted — November 2014" amount includes (i) €5.7 million of estimated deferred financing costs assumed to be paid in connection with the issuance of the 2014 UM Senior Notes, including €3.0 million of estimated third-party transaction costs, and (ii) the write-off of €11.3 million in deferred financing costs in conjunction with the November 2014 Redemption. The "As Adjusted — December 2014" amount further adjusts the "As Adjusted — November 2014" amount to reflect (a) €12.8 million of estimated deferred financing costs assumed to be paid in connection with the issuance of the December 2014 Unitymedia KabelBW Senior Secured Notes, including €2.0 million of estimated third-party transaction costs, and (b) the write-off of €1.6 million in deferred financing costs in conjunction with the December 2014 Refinancing. The "As Adjusted — February 2015" amount further adjusts the "As Adjusted — December 2014" amount to reflect (1) €6.1 million of estimated deferred financing costs assumed to be paid in connection with the issuance of the March 2015 Unitymedia KabelBW Senior Secured Notes, including €3.0 million of estimated third-party transaction costs, and (2) the write-off of €1.6 million in deferred financing costs in conjunction with the March 2015 SSN Redemption. The "As Adjusted — March 2015" amount further adjusts the "As Adjusted — February 2015" amount to reflect (A) €5.4 million of estimated deferred financing transaction costs assumed to be paid in connection with the issuance of the Notes and (B) the write-off of €1.1 million in deferred financing costs in conjunction with the Refinancing. The "As Adjusted" amounts have not been reduced for the payment of the applicable accrued interest in connection with the Refinancing, the March 2015 SSN Refinancing, the December 2014 Refinancing or the November 2014 Redemption.

(18) Represents loans payable to Unitymedia KabelBW's shareholder, UPC Germany, resulting primarily from (i) a loan issued in May 2012 as consideration for all outstanding shares of UPC Germany Holdings that have been transferred in connection with the KBW Fold-in, (ii) transactions that were completed in connection with the LG/Unitymedia Transaction and (iii) fees and allocations charged from UPC Holding and other Liberty Global subsidiaries. For additional information concerning these related-party loans, see "*Certain Relationships and Related-Party Transactions of Unitymedia KabelBW*". The "As Adjusted — February 2015" and "As Adjusted — March 2015" amounts reflect the €500.0 million reduction to the 2012 Shareholder Loan pursuant to the terms of the Set-off Agreement. For additional information concerning these related-party loans, see *"Summary — Recent Developments"* and "*Certain Relationships and Related-Party Transactions of Unitymedia KabelBW*".

(19) Shareholder's deficit represents the excess of Unitymedia KabelBW's liabilities over its assets. For additional information, see the Unitymedia KabelBW September 30, 2014 Condensed Consolidated Financial Statements and the Unitymedia KabelBW December 31, 2013 Consolidated Financial Statements. The "As Adjusted — November 2014" amount reflects (i) a loss of €36.1 million on extinguishment of debt related to the payment of a redemption premium in connection with the November 2014 Redemption, net of aggregate assumed tax impact of €10.2 million, and (ii) a €21.2 million loss on extinguishment of debt related to the write-off of (a) €11.3 million in deferred financing costs and (b) €9.9 million of unamortized discount related to the 2009 UM Senior Notes, net of an aggregate assumed tax impact of €6.1 million. The "As Adjusted — December 2014" amount further adjusts the "As Adjusted — November 2014" amount to reflect (1) a loss of €57.5 million on extinguishment of debt related to the payment of a redemption premium in connection with the December 2014 Refinancing, net

of aggregate assumed tax impact of €16.3 million, and (2) a €7.4 million net gain on extinguishment of debt related to the write-off of (A) €9.0 million of unamortized premium and (B) €1.6 million in deferred financing costs related to the Unitymedia KabelBW Senior Secured Exchange Notes, net of an aggregate assumed tax impact of €2.1 million. The "As Adjusted — February 2015" amount further adjusts the "As Adjusted — December 2014" amount to reflect (I) a loss of €6.1 million on extinguishment of debt related to the payment of a redemption premium in connection with the March 2015 SSN Refinancing, net of aggregate assumed tax impact of €1.7 million, and (II) a €1.6 million net loss on extinguishment of debt related to the write-off of a portion of the deferred financing costs related to the notes redeemed in conjunction with the March 2015 SSN Redemption, net of an aggregate assumed tax impact of €0.5 million. The "As Adjusted — March 2015" amount further adjusts the "As Adjusted — February 2015" amount to reflect (1) a loss of €86.2 million on extinguishment of debt related to the payment of a redemption premium in connection with the Refinancing, net of aggregate assumed tax impact of €24.5 million, and (2) a €2.5 million aggregate net loss on extinguishment of debt related to the write-off of (a) €1.4 million of unamortized discount related to the Unitymedia KabelBW Senior Exchange Notes and (b) €1.1 million in deferred financing costs, net of an aggregate assumed tax impact of €0.7 million.

SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA OF UNITYMEDIA KABELBW

The table below sets out summary financial and operating data of Unitymedia KabelBW for the indicated periods, including (1) historical information for the nine months ended September 30, 2014 and 2013, (2) historical information for the years ended December 31, 2013, 2012 and 2011 and (3) pro forma information for the year ended December 31, 2011. The historical consolidated balance sheet and statement of operations data as of and for the nine-month periods ended September 30, 2014 and 2013 has been derived from the Unitymedia KabelBW September 30, 2014 Condensed Consolidated Financial Statements and the historical consolidated balance sheet data as of December 31, 2013 and 2012 and the historical consolidated statement of operations data for the years ended December 31, 2013, 2012 and 2011 have been derived from the Unitymedia KabelBW December 31, 2013 Consolidated Financial Statements. The historical consolidated balance sheet data as of December 31, 2011 has been derived from the Unitymedia KabelBW December 31, 2012 Consolidated Financial Statements. The pro forma statement of operations data for the year ended December 31, 2011 has been derived from the pro forma statement of operations data included in note 5 to the Unitymedia KabelBW December 31, 2013 Consolidated Financial Statements. The pro forma statement of operations and statistical data for the year ended December 31, 2011, which, among other items, includes the historical results of operations and statistical data of the Kabel BW Group for the full year of 2011, is presented to provide a more meaningful basis of comparison with the corresponding historical information for the years ended December 31, 2013 and 2012. In connection with the May 2012 completion of the Unitymedia Exchange, Unitymedia KabelBW completed the KBW Fold-in, whereby the entities comprising the Kabel BW Group became subsidiaries of Unitymedia Hessen pursuant to a series of mergers and consolidations. Unitymedia KabelBW has accounted for the KBW Fold-in as a common control transfer at carryover basis and the Unitymedia KabelBW December 31, 2012 Consolidated Financial Statements have been retrospectively revised to give effect to the related change in reporting entities for all periods in which Unitymedia KabelBW and the Kabel BW Group were under the common control of Liberty Global (namely all periods beginning on or after the December 15, 2011 completion of the LG/KBW Transaction). The Unitymedia December 31, 2011 Consolidated Financial Statements, as included elsewhere herein, do not give effect to this common control transfer, and accordingly, do not reflect the related retrospective change in reporting entities. Accordingly, amounts derived from the Unitymedia KabelBW December 31, 2012 Consolidated Financial Statements include the Kabel BW Group during the common control. In connection with the KBW Fold-in, Unitymedia KabelBW issued a shareholder loan payable in the principal amount of €1,230.0 million to its parent as consideration for all of the outstanding shares of UPC Germany Holdings that were transferred to Unitymedia KabelBW. No interest on this loan is reflected prior to the May 2012 issuance date in the following historical and pro forma operating results.

	Includes the Kabel BW Group					
	Nine months ended September 30,		For the year ended December 31,			
	2014	2013	2013 historical	2012 historical	2011 pro forma	2011 historical(a)
	in millions					
Unitymedia KabelBW Consolidated Statement of Operations Data:						
Revenue	€ 1,521	€ 1,433	€ 1,927.	€ 1,801.	€ 1,630.	€ 1,053.
Operating (other than depreciation and amortization)	404.4	416.9	548.4	508.3	468.0	286.1
Selling, general and administrative (other than depreciation and amortization) (including share-based compensation)	172.1	166.4	222.9	228.7	198.7	139.7
Impairment, restructuring and other operating items, net	(1.1	8.5	16.2	29.7	3.9	0.6
Related-party fees and allocations	79.9	54.2	76.4	53.7	35.8	35.8
Total operating costs and expenses	655.3	646.0	863.9	820.4	706.4	462.2
Depreciation and amortization	532.7	502.2	678.6	638.9	618.2	400.9
EBIT	333.8	285.0	384.9	342.3	305.8	189.9
Net financial and other expense	(406.2)	(456.1)	(622.2)	(681.9)	(556.9)	(349.4)
Income tax benefit (expense)	(13.3)	(51.0)	(48.4)	80.3	40.7	18.2
Loss from continuing operations	€ (85.7)	€ (222.1)	€ (285.7)	€ (259.3)	€ (210.4)	€ (141.3)

(a) The historical statement of operations data for the year ended December 31, 2011 includes amounts related to the Kabel BW Group from the December 15, 2011 acquisition date through December 31, 2011.

	September 30,	December 31,		
	2014	2013	2012	2011
	in millions			
Unitymedia KabelBW Historical Consolidated Balance Sheet Data:				
Cash and cash equivalents	€ 13.3	€ 13.6	€ 20.2	€ 48.1
Total assets	€ 8,057.2	€ 7,902.7	€ 7,883.8	€ 7,938.0
Total current liabilities	€ 649.5	€ 600.2	€ 572.6	€ 462.2
Total debt and finance lease obligations:				
Third-party	€ 5,761.8	€ 5,645.9	€ 5,202.9	€ 5,086.8
Related-party	€ 1,332.8	€ 1,219.5	€ 1,397.8	€ 193.1
Total liabilities	€ 8,126.3	€ 7,886.2	€ 7,580.7	€ 6,242.7
Total shareholder's equity (deficit)	€ (69.1)	€ 16.5	€ 303.1	€ 1,695.3

	Nine months ended September 30,		For the year ended December 31,		
	2014	2013	2013	2012	2011(b)
			in millions		
Unitymedia KabelBW Historical Consolidated Cash Flow Data:					
Cash provided by operating activities	€ 631.3	€ 525.3	€ 713.8	€ 634.2	€ 340.0
Cash used by investing activities	€ (582.7)	€ (403.0)	€ (687.0)	€ (637.8)	€ (1,304.8)
Cash provided (used) by financing activities	€ (48.9)	€ (34.5)	€ (33.4)	€ (24.3)	€ 954.2

(b) The historical cash flow data for the year ended December 31, 2011 includes the cash flows of the Kabel BW Group from the December 15, 2011 acquisition date through December 31, 2011.

Unitymedia KabelBW Summary Statistical and Operating Data(c)

	As of and for the nine months ended September 30,		As of and for the year ended December 31,		
	2014	2013	2013	2012	2011
Footprint					
Homes passed	12,687,000	12,620,900	12,634,300	12,567,900	12,445,300
Two-way homes passed	12,357,500	12,217,300	12,295,200	12,162,400	12,034,500
Subscribers (RGUs)					
Digital cable	2,263,800	2,214,300	2,234,900	2,185,900	1,983,800
Analog cable	4,300,700	4,413,500	4,366,500	4,503,600	4,768,600
Total video	6,564,500	6,627,800	6,601,400	6,689,500	6,752,400
Internet	2,818,100	2,490,700	2,579,600	2,219,200	1,799,500
Telephony	2,683,000	2,444,500	2,517,500	2,232,000	1,831,700
Total RGUs	12,065,600	11,563,000	11,698,500	11,140,700	10,383,600
Penetration					
Digital cable as a % of total video subscribers	34.5%	33.4%	33.9%	32.7%	29.4%
Internet as a % of two-way homes passed	22.8%	20.4%	21.0%	18.2%	15.0%
Telephony as a % of two-way homes passed	21.7%	20.0%	20.5%	18.4%	15.2%
Customer Relationships					
Customer relationships	7,103,300	7,070,900	7,069,800	7,049,100	6,932,300
RGUs per customer relationship	1.70	1.64	1.65	1.58	1.50
ARPU					
Monthly ARPU per customer relationship(d)	€ 21.38	€ 20.22	€ 20.33	€ 18.83	€ 17.29

(c) For information concerning how Unitymedia KabelBW defines and calculates its operating statistics, see "*Business of Unitymedia KabelBW — Introduction*".

(d) Monthly ARPU per customer relationship for 2011 is presented on a pro forma basis assuming the Kabel BW Group was acquired on January 1, 2011.

Unitymedia KabelBW Summary Operating Data

	Includes the Kabel BW Group					
	Nine months ended September 30,		For the year ended December 31,			
	2014	2013	2013 historical	2012 historical	2011 pro forma	2011 historical(e)
			in millions			
Revenue	€ 1,521.8	€ 1,433.2	€ 1,927.4	€ 1,801.6	€ 1,630.4	€ 1,053.0
Adjusted EBITDA(f)	€ 947.2	€ 851.2	€ 1,158.1	€ 1,065.7	€ 964.2	€ 627.7
Adjusted EBITDA margin	62.2%	59.4%	60.1%	59.2%	59.1%	59.6%
Property, equipment and intangible asset additions(g)	€ 360.0	€ 363.9	€ 478.7	€ 507.0	€ 444.4	€ 314.5
Property, equipment and intangible asset additions % of revenue	23.7%	25.4%	24.8%	28.1%	27.3%	29.9%

(e) The historical statement of operations data for the year ended December 31, 2011 includes amounts related to the Kabel BW Group from the December 15, 2011 acquisition date through December 31, 2011.

(f) Adjusted EBITDA is the primary measure used by our management to evaluate the company's performance. Adjusted EBITDA is also a key factor that is used by our internal decision makers to evaluate the effectiveness of our management for purposes of annual and other incentive compensation plans. We define EBITDA as earnings before net finance expense, income taxes, depreciation and amortization. As we use the term, Adjusted EBITDA is defined as EBITDA before share-based compensation, impairment, restructuring and other operating items and related-party fees and allocations. Other operating items include (i) gains and losses on the disposition of long-lived assets, (ii) direct acquisition costs, such as 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 internal decision makers believe Adjusted EBITDA is a meaningful measure and is superior to other available EU-IFRS measures because it represents a transparent view of our recurring operating performance that is unaffected by our capital structure and allows management to readily view operating trends and identify strategies to improve operating performance. We believe our Adjusted EBITDA measure is useful to investors because it is one of the bases for comparing our performance with the performance of other companies in the same or similar industries, although our measure may not be directly comparable to similar measures used by other companies. Adjusted EBITDA should be viewed as a measure of operating performance that is a supplement to, and not a substitute for EBIT, net earnings (loss), cash flow from operating activities and other EU-IFRS measures of income or cash flows. A reconciliation of Adjusted EBITDA to net loss is as follows:

	Includes the Kabel BW Group					
	Nine months ended September 30,		For the year ended December 31,			
	2014	2013	2013 historical	2012 historical	2011 pro forma	2011 historical
			in millions			
Adjusted EBITDA	€ 947.2	€ 851.2	€ 1,158.1	€ 1,065.7	€ 964.2	€ 627.7
Depreciation and amortization	(532.7)	(502.2)	(678.6)	(638.9)	(618.2)	(400.9)
Impairment, restructuring and other operating items, net	1.1	(8.5)	(16.2)	(29.7)	(3.9)	(0.6)
Share-based compensation	(1.9)	(1.3)	(2.0)	(1.1)	(0.5)	(0.5)
Related-party fees and allocations	(79.9)	(54.2)	(76.4)	(53.7)	(35.8)	(35.8)
EBIT	333.8	285.0	384.9	342.3	305.8	189.9
Net financial and other expense	(406.2)	(456.1)	(622.2)	(681.9)	(556.9)	(349.4)
Income tax benefit (expense)	(13.3)	(51.0)	(48.4)	80.3	40.7	18.2
Net loss	€ (85.7)	€ (222.1)	€ (285.7)	€ (259.3)	€ (210.4)	€ (141.3)

(g) Property, equipment and intangible asset additions include our capital expenditures on an accrual basis and our vendor financing, capital lease and other non-cash additions.

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

The following discussion and analysis, which should be read in conjunction with the Unitymedia KabelBW September 30, 2014 Condensed Consolidated Financial Statements and the Unitymedia KabelBW December 31, 2013 Consolidated Financial Statements, 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:

- *Overview*. This section provides a general description of our business, our product offerings and recent events.
- *Results of Operations.* This section provides an analysis of our results of operations for the three and nine months ended September 30, 2014 and 2013 and for the years ended December 31, 2013 and 2012, as compared to our historical results of operations for the year ended December 31, 2012 and pro forma results of operations for the year December 31, 2011, respectively, as further described below.
- *Liquidity and Capital Resources.* This section provides an analysis of our liquidity and consolidated statements of cash flows.

The capitalized terms used below have been defined in the notes to the Unitymedia KabelBW September 30, 2014 Condensed Consolidated Financial Statements and the Unitymedia KabelBW December 31, 2013 Consolidated Financial Statements. In the following text, the terms, "we," "our," "our company" and "us" may refer, as the context requires, to Unitymedia KabelBW or collectively to Unitymedia KabelBW and its subsidiaries.

Overview

We are a subsidiary of Liberty Global and we provide video, broadband internet and fixed-line telephony services over our broadband communications network and mobile services as a mobile virtual network operator (MVNO). We are the second largest cable operator in Germany and largest cable operator in the German federal states of North Rhine-Westphalia and Hesse (collectively, the Unitymedia footprint) and Baden-Württemberg (the KabelBW footprint) in terms of the number of video subscribers.

We focus on achieving organic revenue and customer growth in our broadband communications operations by developing and marketing bundled entertainment and communications services, and extending and upgrading the quality of our networks where appropriate. While we seek to obtain new customers, we also seek to maximize the average revenue we receive from each household by increasing the penetration of advanced services, comprised of digital cable, broadband internet, fixed-line telephony and mobile services, with existing customers through product bundling and upselling, or by migrating analog cable customers to digital cable services that include various incremental service offerings, such as premium subscription channels, high definition (HD) programming and digital video recorder (DVR) services. We plan to continue to employ this strategy to achieve organic revenue and subscriber growth.

In our upgraded network coverage area, we provide an integrated triple-play (and in some instances, quadruple-play) service offering that allows our residential subscribers to access digital cable, broadband internet, fixed-line telephony and mobile services in addition to our analog video services as follows:

- *Video Services.* As of September 30, 2014, we provided our basic digital and analog cable services to 52% of the homes passed by our network. Our basic digital television channels are unencrypted and, as a result, subscribers who have the necessary equipment and who pay the monthly subscription fee for our analog package are able to watch our basic digital television channels. Our premium digital cable service offerings include premium subscription channels and HD and DVR services. As of September 30, 2014, 24% of our video base subscribed to premium digital cable services. We provide video services via individual contracts with single dwelling units or bulk contracts with landlords or housing associations or with third parties that operate and administer the in-building networks on behalf of housing associations (Professional Operators).
- *Broadband Internet Services.* Our current service portfolio consists of services with download speeds ranging from 10 Mbps to 200 Mbps with no time or data volume restrictions. Our customers can choose between various packages and bundles. As of September 30, 2014, our ultra high-speed broadband internet services were available to 97% of our homes passed.

- *Fixed-Line Telephony Services.* We market our fixed-line telephony services principally as a component of our product bundles, but also on a standalone basis.
- *Mobile Services.* As an MVNO, we offer mobile voice and data services to our customers as a component of our product bundles or on a standalone basis.

In September 2013, we introduced a next generation set-top box platform, which we refer to as "Horizon TV," in our Unitymedia footprint. Horizon TV is a home multimedia platform with a sophisticated user interface that enables customers to view and share content across the television, computer, tablet and smartphone. It also features an advanced set-top box that delivers not only video, but also internet and voice connections along with a wireless network for the home. On our Horizon TV platform, we also offer applications for various services (such as YouTube, Facebook and others). The Horizon TV platform includes an online television application that offers over 100 linear video channels and access to video-on-demand across multiple devices (Horizon Go). Horizon Go was also launched in our KabelBW footprint in January 2014, and we introduced full Horizon TV triple-play bundles in that footprint in November 2014.

As of September 30, 2014, we served 6,564,500 video revenue generating units (RGUs) (including 2,263,800 digital cable RGUs), 2,818,100 broadband internet RGUs and 2,683,000 fixed-line telephony RGUs over a broadband communications network that passed 12,687,000 homes. In addition, at September 30, 2014, we served 296,100 mobile subscribers.

We added 121,000 and 124,300 RGUs on an organic basis during the three months ended September 30, 2014 and 2013, respectively, and 371,700 and 422,300 RGUs during the nine months ended September 30, 2014 and 2013, respectively. The organic RGU growth during the three and nine months ended September 30, 2014 is attributable to the growth of our (i) broadband internet services, which added 76,700 and 240,000 RGUs, respectively, (ii) fixed-line telephony services, which added 63,100 and 167,000 RGUs, respectively, and (iii) digital cable services, which added 7,800 and 30,400 RGUs, respectively. The growth of our broadband internet, fixed-line telephony and digital cable RGUs was partially offset by a decline in our analog cable RGUs of 26,600 and 65,700, respectively.

As of December 31, 2013, we served 6,601,400 video revenue generating units (RGUs) (including 2,234,900 digital cable RGUs), 2,579,600 broadband internet RGUs and 2,517,500 fixed-line telephony RGUs over a broadband communications network that passed 12,634,300 homes. In addition, at December 31, 2013, we served 239,500 mobile subscribers.

We added 557,800 RGUs on an organic basis during 2013, as compared to 767,500 RGUs that we added on an organic basis during 2012. The organic RGU growth during 2013 is attributable to the growth of our (i) broadband internet services, which added 360,400 RGUs, (ii) fixed-line telephony services, which added 285,500 RGUs, and (iii) digital cable services, which added 31,600 RGUs. The growth of our broadband internet, fixed-line telephony and digital cable RGUs was partially offset by a decline in our analog cable RGUs of 119,700.

Although we continue to increase revenue and RGUs by increasing the penetration of our advanced services, we are experiencing significant competition. Key competitors of our cable business include:

(i) satellite-based and other broadband cable or fiber-based reception of analog and digital free-to-air programming that compete primarily with our basic video products;

(ii) Sky Deutschland AG, Deutsche Telekom and several other content providers with their respective video offerings that compete primarily with our premium digital cable products; and

(iii) Deutsche Telekom and alternative digital subscriber line and fiber-based operators with their bundled offerings that compete primarily with our broadband internet and fixed-line telephony products.

In general, our ability to increase or maintain the fees we receive for our services is limited by competitive, and to a lesser degree, regulatory factors. The competition we face in our markets, as well as any decline in the economic environment, could adversely impact our ability to increase or maintain our revenue, RGUs, Adjusted EBITDA or liquidity. We currently are unable to predict the extent of any of these potential adverse effects. As we use the term, Adjusted EBITDA is defined as EBITDA before share-based compensation, impairment, restructuring and other operating items and related-party fees and allocations.

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 certain European countries, combined with weak growth and high unemployment, could lead to fiscal reforms (including austerity measures), sovereign debt restructurings, currency instability, increased counterparty credit risk, high levels of volatility

and, potentially, disruptions in the credit and equity markets, as well as other outcomes that might adversely impact our company. With regard to currency instability issues, concerns exist in the eurozone with respect to individual macro-fundamentals on a country-by-country basis, as well as with respect to the overall stability of the European monetary union and the suitability of a single currency to appropriately deal with specific fiscal management and sovereign debt issues in individual eurozone countries. The realization of these concerns could lead to the exit of one or more countries from the European monetary union and the re-introduction of individual currencies in these countries, or, in more extreme circumstances, the possible dissolution of the European monetary union entirely, which could result in the redenomination of a portion, or in the extreme case, all of our euro-denominated assets, liabilities and cash flows to the new currency of the country in which they originated. The capital market disruption that would likely accompany any such redenomination event could have a material adverse impact on our liquidity and financial condition. Furthermore, any redenomination event would likely be accompanied by significant economic dislocation, particularly within the eurozone countries, which in turn could have an adverse impact on demand for our products, and accordingly, on our revenue and cash flows. Moreover, any changes from a euro to a non-euro currency in Germany would require us to modify our billing and other financial systems. No assurance can be given that any required modifications could be made within a timeframe that would allow us to timely bill our customers or prepare and file required financial reports. In light of the significant exposure that we have to the euro through our euro-denominated borrowings, loan receivable, derivative instruments, cash balances and cash flows, a redenomination event could have a material adverse impact on our company.

The video, broadband internet and fixed-line telephony businesses in which we operate are capital intensive. Significant additions to our property, equipment and intangible assets are required to add customers to our networks and to upgrade our broadband communications networks and customer premises equipment to enhance our service offerings and improve the customer experience, including expenditures for equipment and labor costs. Significant competition, the introduction of new technologies, the expansion of existing technologies such as fiber-to-the-home or adverse regulatory developments could cause us to decide to undertake previously unplanned upgrades of our networks and customer premises equipment. In addition, no assurance can be given that any future upgrades will generate a positive return or that we will have adequate capital available to finance such future upgrades. If we are unable to, or elect not to, pay for costs associated with adding new customers, expanding or upgrading our networks or making our other planned or unplanned additions to our property, equipment and intangible assets, our growth could be limited and our competitive position could be harmed. For information regarding our property and equipment additions, see *Liquidity and Capital Resources — Consolidated Statements of Cash Flows* below.

Results of Operations — Three and Nine Months ended September 30, 2014 compared to the Three and Nine Months ended September 30, 2013

This section provides an analysis of our results of operations for the three and nine months ended September 30, 2014 and 2013.

Revenue

Revenue includes revenue earned from (i) subscribers for broadband communications and mobile services and (ii) B2B services, interconnect fees, installation fees, channel carriage fees and late fees. Consistent with the presentation of our revenue categories in note 3 to the Unitymedia KabelBW September 30, 2014 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.

The details of our revenue are as follows:

	Three months ended September 30,		Increase (decrease)	
	2014	2013	€	%
		in millions		
Subscription revenue(a):				
Video	€ 241.4	€ 242.1	€ (0.7)	(0.3)
Broadband internet	113.3	94.6	18.7	19.8
Fixed-line telephony	106.1	97.5	8.6	8.8
Cable subscription revenue	460.8	434.2	26.6	6.1
Mobile subscription revenue(b)	4.3	3.9	0.4	10.3
Total subscription revenue	465.1	438.1	27.0	6.2

	Three months ended September 30,		Increase (decrease)	
	2014	2013	€	%
	in millions			
Non-subscription revenue(b)(c)	44.4	46.5	(2.1)	(4.5)
Total revenue	€ 509.5	€ 484.6	€ 24.9	5.1

	Nine months ended September 30,		Increase (decrease)	
	2014	2013	€	%
	in millions			
Subscription revenue(a):				
Video	€725.3	€726.8	€ (1.5)	(0.2)
Broadband internet	327.5	265.2	62.3	23.5
Fixed-line telephony	311.5	292.8	18.7	6.4
Cable subscription revenue	1,364.3	1,284.8	79.5	6.2
Mobile subscription revenue(b)	13.3	10.8	2.5	23.1
Total subscription revenue	1,377.6	1,295.6	82.0	6.3
Non-subscription revenue(b)(c)	144.2	137.6	6.6	4.8
Total revenue	€1,521.8	€1,433.2	€ 88.6	6.2

(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 €0.4 million and €0.3 million during the three months ended September 30, 2014 and 2013, respectively, and €1.0 million and €0.8 million during the nine months ended September 30, 2014 and 2013, respectively. Mobile interconnect revenue is included in non-subscription revenue.

(c) Non-subscription revenue includes carriage fee, installation and interconnect revenue. In addition, non-subscription revenue includes B2B revenue from business broadband internet, video, voice, wireless and data services offered to medium to large enterprises and, on a wholesale basis, to other operators. We also provide services to certain SOHO subscribers. SOHO subscribers pay a premium price to receive enhanced service levels along with video, broadband internet, fixed-line telephony or mobile services that are similar to the mass marketed products offered to our residential subscribers. Revenue from SOHO subscribers, which aggregated €5.2 million and €3.1 million during the three months ended September 30, 2014 and 2013, respectively, and €14.1 million and €7.9 million during the nine months ended September 30, 2014 and 2013, respectively, is included in cable subscription revenue.

The details of our revenue increases during the three and nine months ended September 30, 2014, as compared to the corresponding periods in 2013, are as follows:

	Three-month period	Nine-month period
	in millions	
Increase in cable subscription revenue due to change in(a):		
Average number of RGUs(b)	€ 19.7	€ 60.2
Average monthly subscription revenue per average RGU (ARPU)(c)	6.9	19.3
Total increase in cable subscription revenue	26.6	79.5
Increase in mobile subscription revenue(d)	0.4	2.5
Total increase in subscription revenue	27.0	82.0
Increase (decrease) in non-subscription revenue(e)	(2.1)	6.6
Total	€ 24.9	€ 88.6

(a) Our subscription revenue includes revenue from multi-year bulk agreements with landlords or housing associations or with Professional Operators. These bulk agreements, which generally allow for the procurement of the basic video signals at volume-based discounts, provide access to nearly two-thirds of our video subscribers. Our bulk agreements are, to a significant extent, medium- and long-term contracts. As of September 30, 2014, bulk agreements covering approximately 35% of the video subscribers that we serve through these agreements expire by the end of 2015 or are terminable on 30-days notice. During the three months ended September 30, 2014, our 20 largest bulk agreement accounts generated approximately 7% of our total revenue (including estimated amounts billed directly to the building occupants for premium cable, broadband internet and fixed-line telephony services). No assurance can be given that our bulk agreements will be renewed or extended on financially equivalent terms or at all, particularly in light of the commitments we made to the FCO in connection with the December 15, 2011 acquisition of KBW. In this regard, we have, among other items, agreed to grant a special termination right with respect to certain of our existing access agreements (the Remedy HA Agreements). The total number of dwelling units covered by the Remedy HA Agreements was approximately 340,000 as of December 15, 2011. At September 30, 2014, approximately 11% of the dwelling units covered by the Remedy HA Agreements remain subject to special termination rights. These dwelling units (which include agreements that are not among the 20 largest bulk agreements) as of September 30, 2014 accounted for less than 1% of our total revenue during the three months ended September 30, 2014. For additional information, see note 10 to the Unitymedia KabelBW September 30, 2014 Condensed Consolidated Financial Statements.

(b) The increases in our cable subscription revenue related to changes in the average numbers of RGUs are attributable to increases in the average numbers of broadband internet, fixed-line telephony and digital cable RGUs that were only partially offset by declines in the average numbers of analog cable RGUs.

(c) The increases in our cable subscription revenue related to changes in ARPU are due to (i) improvements in RGU mix and (ii) net increases resulting primarily from the following factors: (a) higher ARPU from broadband internet and digital cable services, (b) lower ARPU from fixed-line telephony services due to the net effect of (1) decreases in ARPU associated with lower fixed-line telephony call volumes for customers on usage-based calling plans and (2) increases in ARPU associated with the migration of customers to fixed-rate calling plans and related value-added services and (c) lower ARPU from analog cable services primarily due to lower negotiated rates for certain bulk agreements and higher proportions of customers receiving discounted analog cable services through these agreements.

(d) The increases in our mobile subscription revenue are primarily due to the net effect of (i) increases in the average numbers of mobile subscribers and (ii) lower ARPU due to the impact of increases in the proportions of subscribers receiving lower-priced tiers of mobile services.

(e) The changes in our non-subscription revenue are primarily attributable to the net effect of (i) decreases in interconnect revenue of €3.0 million and €9.6 million, respectively, primarily attributable to lower fixed-line termination rates, (ii) increases in carriage fee revenue of €0.3 million and €4.9 million, respectively, and (iii) increases in installation revenue of €1.0 million and €2.6 million, respectively. The increase during the nine-month period also includes an €8.7 million increase in network usage revenue related to the settlement of prior year amounts during the first quarter of 2014. Non-subscription revenue includes fees received for the carriage of certain channels included in our analog and digital cable offerings. This carriage fee revenue is subject to contracts that expire or are otherwise terminable by either party on various dates ranging from 2014 through 2018. The aggregate amount of revenue related to these carriage contracts represented approximately 5% of our total revenue during the three months ended September 30, 2014. No assurance can be given that these contracts will be renewed or extended on financially equivalent terms, or at all. In 2012, public broadcasters sent us notices purporting to terminate their carriage fee arrangements effective December 31, 2012. Although we have rejected these termination notices, beginning in 2013, we ceased recognizing revenue related to these carriage fee arrangements. Also, our ability to increase the aggregate carriage fees that we receive for each channel is limited through 2016 by certain commitments we made to regulators in connection with the acquisition of KBW.

OpEx

General. OpEx includes programming and copyright, network operations, interconnect, customer operations, customer care and other costs related to our operations. Our network operating costs include significant expenses incurred pursuant to long-term agreements with Deutsche Telekom for the use of assets and other services provided by Deutsche Telekom. Our programming and copyright costs, which represent the majority of our direct costs, are expected to rise in future periods as a result of (i) growth in the number of our digital video subscribers, (ii) higher costs associated with the expansion of our digital video content, including

rights associated with ancillary product offerings and rights that provide for the broadcast of live sporting events, and (iii) rate increases. In addition, we are subject to inflationary pressures with respect to our staff-related and other costs. Any cost increases that we are not able to pass on to our subscribers through service rate increases would result in increased pressure on our operating margins. The details of our OpEx costs are as follows:

	Three months ended September 30,		Increase (decrease)	
	2014	2013	€	%
	in millions			
Network operating costs	€ 46.9	€ 46.8	€ 0.1	0.2
Direct costs (programming and copyright, interconnect and other)	44.4	46.4	(2.0)	(4.3)
Staff-related costs (excluding restructuring charges)	19.2	19.4	(0.2)	(1.0)
Outsourced labor and professional services	13.8	13.2	0.6	4.5
Other indirect costs	10.9	11.7	(0.8)	(6.8)
Total	€ 135.2	€ 137.5	€ (2.3)	(1.7)

	Nine months ended September 30,		Increase (decrease)	
	2014	2013	€	%
	in millions			
Network operating costs	€ 136.6	€ 133.(	€ 3.6	2.7
Direct costs (programming and copyright, interconnect and other)	131.3	141.2	(9.9)	(7.0)
Staff-related costs (excluding restructuring charges)	61.6	66.1	(4.5)	(6.8)
Outsourced labor and professional services	41.0	40.6	0.4	1.0
Other indirect costs	33.9	36.0	(2.1)	(5.8)
Total	€ 404.4	€ 416.9	€ (12.5)	(3.0)

Our total OpEx decreased €2.3 million or 1.7% and €12.5 million or 3.0% during the three and nine months ended September 30, 2014, respectively, as compared to the corresponding periods in 2013. These decreases include the following factors:

- Decreases in direct costs of €2.0 million or 4.3% and €9.9 million or 7.0%, respectively, primarily due to the net effect of (i) decreases in interconnect costs, primarily attributable to (a) lower rates and (b) lower call volumes, and (ii) increases in programming and copyright costs, primarily due to growth in digital video services;
- Decreases in staff-related costs of €0.2 million or 1.0% and €4.5 million or 6.8%, respectively, primarily due to the net effect of (i) decreased costs related to higher proportions of capitalizable activities and (ii) annual wage increases;
- Increases in network operating costs of €0.1 million or 0.2% and €3.6 million or 2.7%, respectively, largely due to (i) higher outsourced labor costs associated with customer-facing activities and (ii) an increase resulting from the release of certain accruals during the second quarter of 2013 following the reassessment of our obligations related to the refurbishment of customer premises equipment; and
- Decreases in other indirect costs of €0.8 million or 6.8% and €2.1 million or 5.8%, respectively, largely due to decreases in bad debt expense.

SG&A

General. *SG&A* includes human resources, information technology, general services, management, finance, legal and sales and marketing costs, share-based compensation and other general expenses. As noted above under OpEx, we are subject to inflationary pressures with respect to our staff-related and other costs. The details of our SG&A costs are as follows:

	Three months ended September 30,		Increase (decrease)	
	2014	2013	€	%
		in millions		
Staff-related costs (excluding restructuring charges)	€ 17.7	€ 15.1	€ 2.6	17.2
Sales and marketing costs	23.1	24.5	(1.4)	(5.7)
Outsourced labor and professional services	3.9	2.2	1.7	77.3
Other indirect costs	11.3	10.2	1.1	10.8
Total	€ 56.0	€ 52.0	€ 4.0	7.7

	Nine months ended September 30,		Increase (decrease)	
	2014	2013	€	%
		in millions		
Staff-related costs (excluding restructuring charges)	€ 53.4	€ 50.2	€ 3.2	6.4
Sales and marketing costs	72.0	74.2	(2.2)	(3.0)
Outsourced labor and professional services	12.1	8.6	3.5	40.7
Other indirect costs	34.6	33.4	1.2	3.6
Total	€ 172.1	€ 166.4	€ 5.7	3.4

Our total SG&A increased €4.0 million or 7.7% and €5.7 million or 3.4% during the three and nine months ended September 30, 2014, respectively, as compared to the corresponding periods in 2013. These increases include the following factors:

- Increases in outsourced labor and professional services of €1.7 million or 77.3% and €3.5 million or 40.7%, respectively, primarily due to increases in consulting costs related to strategic initiatives; and
- Increases in staff-related costs of €2.6 million or 17.2% and €3.2 million or 6.4%, respectively, primarily due to the net effect of (i) increased staffing levels, (ii) a decrease during the nine-month period in incentive compensation costs and (iii) annual wage increases.

Impairment, restructuring and other operating items, net

We recognized impairment, restructuring and other operating items, net, of (€3.7 million) and €4.8 million during the three months ended September 30, 2014 and 2013, respectively, and (€1.1 million) and €8.5 million during the nine months ended September 30, 2014 and 2013, respectively. The 2014 amounts include (i) a credit of €6.9 million during both the three- and nine-month periods resulting from the release of an accrual in connection with the settlement of an acquisition-related contingency during the third quarter of 2014, (ii) restructuring charges of €3.3 million and €6.7 million, respectively, associated with employee severance and termination costs related to reorganization activities and (iii) gains on disposal of assets of €0.3 million and €1.7 million, respectively. The 2013 amounts include (a) restructuring charges of €3.8 million and €8.0 million, respectively, associated with employee severance and termination costs related to reorganization activities and (b) direct acquisition costs of €1.4 million during both the three- and nine-month periods.

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.

Related-party Fees and Allocations

We recorded related-party fees and allocations related to corporate services performed by Liberty Global of €31.0 million and €17.8 million during the three months ended September 30, 2014 and 2013, respectively, and €79.9 million and €54.2 million during the nine months ended September 30, 2014 and 2013, respectively. These amounts represent fees charged by UPC Holding to our company that originate with Liberty Global, UPC Holding and certain other Liberty Global subsidiaries, and include charges for management, finance, legal, technology, marketing and other services that support our company's broadband communications operations, including the use of the UPC trademark. For additional information, see note 9 to the Unitymedia KabelBW September 30, 2014 Condensed Consolidated Financial Statements.

Depreciation and Amortization Expense

Depreciation and amortization expense increased €5.2 million or 3.0% and €30.5 million or 6.1% during the three and nine months ended September 30, 2014, respectively, as compared to the corresponding periods in 2013. These increases are primarily due to the net effect of (i) increases associated with property and equipment additions related to the installation of customer premises equipment, the expansion and upgrade of our networks and other capital initiatives, (ii) decreases associated with certain assets becoming fully depreciated and (iii) increases in the amortization of subscriber acquisition costs.

Net Financial and Other Expense

Our net financial and other expense primarily includes interest expense, interest income, foreign currency transaction gains or losses, realized and unrealized gains or losses on derivative instruments and losses on debt modification and extinguishment. As further described below, we recorded net financial and other expense of €139.0 million and €124.9 million during the three months ended September 30, 2014 and 2013, respectively, and €406.2 million and €456.1 million during the nine months ended September 30, 2014 and 2013, respectively.

Interest expense — third-party

Interest expense — third-party remained relatively unchanged during the three and nine months ended September 30, 2014, respectively, as compared to the corresponding periods in 2013, as average outstanding third-party debt balances and weighted average interest rates remained relatively constant. For additional information, see note 7 to the Unitymedia KabelBW September 30, 2014 Condensed Consolidated Financial Statements.

Interest expense — related-party

Interest expense — related-party increased (decreased) €3.2 million or 11.9% and (€5.6 million) or (5.9%) during the three and nine months ended September 30, 2014, respectively, as compared to the corresponding periods in 2013. The increase during the three-month period is primarily due to (i) higher average outstanding related-party debt balances and, to a lesser extent, (ii) lower weighted average interest rates. The decrease during the nine-month period is primarily due to (a) lower average outstanding related-party debt balances and (b) lower weighted average interest rates. Our related-party interest expense relates to (1) our shareholder loans payable to UPC Germany, including (A) the 2010 Shareholder Loan, (B) the 2012 Shareholder Loan and (C) the 2013 Shareholder Capex Loan, and (2) during the nine-month period, a loan payable to UMI, which was fully repaid during the second quarter of 2013. For additional information, see note 7 to the Unitymedia KabelBW September 30, 2014 Condensed Consolidated Financial Statements.

Foreign currency transaction gains (losses), net

We recognized foreign currency transaction gains (losses), net, of (€90.3 million) and €43.8 million during the three months ended September 30, 2014 and 2013, respectively, and (€97.9 million) and €27.1 million during the nine months ended September 30, 2014 and 2013, respectively. These amounts primarily relate to the remeasurement of our U.S. dollar denominated indebtedness.

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 underlying contracts are fully or partially settled and (ii) realized gains or losses upon the full or partial settlement of the underlying contracts.

Our realized and unrealized gains (losses) on derivative instruments, net, were €77.2 million and (€42.3 million) during the three months ended September 30, 2014 and 2013, respectively, and €68.9 million and (€42.2 million) during the nine months ended September 30, 2014 and 2013, respectively. The gain during the three months ended September 30, 2014 is primarily attributable to the net effect of (i) gains associated with an increase in the value of the U.S. dollar relative to the euro, (ii) losses associated with increases in market interest rates in the U.S. dollar market and (iii) losses associated with decreases in market interest rates in the euro market. The gain during the nine months ended September 30, 2014 is primarily attributable to the net

effect of (a) gains associated with an increase in the value of the U.S. dollar relative to the euro, (b) losses associated with decreases in market interest rates in the euro market and (c) losses associated with increases in market interest rates in the U.S. dollar market. In addition, the gains during the 2014 periods include net losses of €3.2 million and €4.0 million, respectively, resulting from changes in our credit risk valuation adjustments. The loss during the three months ended September 30, 2013 is primarily attributable to the net effect of (1) losses associated with a decrease in the value of the U.S. dollar relative to the euro and (2) gains associated with decreases in market interest rates in the U.S. dollar market. The loss during the nine months ended September 30, 2013 is primarily attributable to the net effect of (A) losses associated with increases in market interest rates in the U.S. dollar market, (B) losses associated with a decrease in the value of the U.S. dollar relative to the euro and (C) gains associated with increases in market interest rates in the euro market. In addition, the losses during the 2013 periods include net gains of €4.1 million and €4.4 million, respectively, resulting from changes in our credit risk valuation adjustments.

For additional information regarding our derivative instruments, see notes 4 and 5 to the Unitymedia KabelBW September 30, 2014 Condensed Consolidated Financial Statements.

Losses on debt extinguishment

We recognized losses on debt extinguishment of nil and €52.6 million during the nine months ended September 30, 2014 and 2013, respectively. The loss during the 2013 period relates to a debt extinguishment loss for the redemption of a portion of our then existing euro-denominated 8.125% senior secured notes, which included (i) €37.4 million representing the difference between the principal amount and redemption price of the debt redeemed and (ii) the €15.2 million write-off of deferred financing costs and an unamortized discount.

Income Tax Expense

We recognized income tax expense of €8.5 million and €2.0 million during the three months ended September 30, 2014 and 2013, respectively.

The income tax expense during the three months ended September 30, 2014 differs from the expected income tax benefit of €8.7 million (based on the German group income tax rate of 32.59%), primarily due to the negative impact of the nonrecognition of certain net operating losses and interest carryforwards.

The income tax expense during the three months ended September 30, 2013 differs from the expected income tax benefit of €8.4 million (based on the German group income tax rate of 32.37%) primarily due to the negative impact of certain permanent differences between the financial and tax accounting treatment of interest and other items.

We recognized income tax expense of €13.3 million and €51.0 million during the nine months ended September 30, 2014 and 2013, respectively.

The income tax expense during the nine months ended September 30, 2014 differs from the expected income tax benefit of €23.6 million (based on the German group income tax rate of 32.59%), primarily due to the negative impacts of (i) certain permanent differences between the financial and tax accounting treatment of interest and other items and (ii) the nonrecognition of certain net operating losses and interest carryforwards. The negative impacts of these items were partially offset by the positive impact of the recognition of previously unrecognized tax benefits.

The income tax expense during the nine months ended September 30, 2013 differs from the expected income tax benefit of €55.4 million (based on the German group income tax rate of 32.37%), primarily due to the negative impacts of (i) the loss of tax attributes in connection with a transaction that was completed by our ultimate parent entity, (ii) certain permanent differences between the financial and tax accounting treatment of interest and other items and (iii) the nonrecognition of certain net operating losses and interest carryforwards.

For additional information regarding our income taxes, see note 8 to the Unitymedia KabelBW September 30, 2014 Condensed Consolidated Financial Statements.

Net Loss

We reported net losses of €35.1 million and €27.8 million during the three months ended September 30, 2014 and 2013, respectively, and €85.7 million and €222.1 million during the nine months ended September 30, 2014 and 2013, 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 net earnings is largely dependent on our ability to increase our aggregate Adjusted EBITDA to a level that more than offsets the aggregate amount of our (a) share-based compensation, (b) related-party fees and allocations, (c) impairment, restructuring and other operating items, (d) depreciation and amortization, (e) net financial and other expense and (f) income taxes.

Subject to the limitations included in our various debt instruments, we expect that Liberty Global will cause our company to maintain our debt at current levels relative to our Adjusted EBITDA for the foreseeable future. As a result, we expect that we will continue to report significant levels of interest expense for the foreseeable future.

Results of Operations — 2013 compared to 2012 and 2012 compared to 2011

2013 compared to 2012

Revenue

Revenue includes amounts earned from subscribers for ongoing services as well as channel carriage fees, interconnect fees, installation fees, late fees and other non-subscription revenue. 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.

	Year ended December 31,		Increase (decrease)	
	2013	2012	€	%
		in millions		
Subscription revenue(a):				
Video	€ 969.1	€ 948.6	€ 20.5	2.2
Broadband internet	363.4	283.8	79.6	28.0
Fixed-line telephony	391.7	346.4	45.3	13.1
Total cable subscription revenue	1,724.2	1,578.8	145.4	9.2
Mobile(b)	14.8	9.6	5.2	54.2
Total subscription revenue	1,739.0	1,588.4	150.6	9.5
B2B(c)	2.2	—	2.2	N.M.
Other non-subscription revenue(d)	186.2	213.2	(27.0)	(12.7)
Total	€ 1,927.4	€ 1,801.6	€ 125.8	7.0

(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.

(b) Mobile subscription revenue excludes €1.1 million and €0.5 million, respectively, of mobile interconnect revenue. Mobile interconnect revenue is included in other non-subscription revenue.

(c) These amounts include B2B revenue from business broadband internet, video, voice, wireless and data services offered to medium to large enterprises and, on a wholesale basis, to other operators. We also provide services to certain SOHO subscribers. SOHO subscribers pay a premium price to receive enhanced service levels along with video, broadband internet or fixed-line telephony services that are similar to the mass marketed products offered to our residential subscribers. Revenue from SOHO subscribers, which aggregated €11.5 million and €5.4 million, respectively, is included in cable subscription revenue.

(d) Includes carriage fee, installation and interconnect revenue.

N.M. — Not Meaningful.

The details of our revenue increase during 2013, as compared to 2012, are set forth below (in millions):

Increase in cable subscription revenue due to change in:	
Average number of RGUs(a)	€ 97.9
Average monthly subscription revenue per average RGU (ARPU)(b)	47.5
Total increase cable subscription revenue	145.4
Increase in mobile subscription revenue(c)	5.2
Total increase in subscription revenue	150.6
Increase in B2B revenue	2.2
Decrease in other non-subscription revenue(d)	(27.0)
Total	€ 125.8

(a) The increase in our cable subscription revenue related to a change in the average number of RGUs is attributable to increases in the average numbers of broadband internet, fixed-line telephony and digital cable RGUs that were only partially offset by a decline in the average number of analog cable RGUs. The decline in our average number of analog cable RGUs led to a decline in the average number of our total video RGUs during 2013, as compared to 2012.

(b) The increase in our cable subscription revenue related to a change in ARPU is due to (i) a net increase resulting primarily from the following factors: (a) higher ARPU from broadband internet services, (b) higher ARPU from digital cable services, (c) lower ARPU from fixed-line telephony services due to the net impact of (1) a decrease in ARPU associated with lower fixed-line telephony call volumes for customers on usage-based calling plans and (2) an increase in ARPU associated with the migration of customers to fixed-rate plans and related value-added services, (d) higher ARPU due to lower negative impacts from free bundled services provided to new subscribers during promotional periods and (e) higher ARPU from analog cable services, as price increases more than offset lower ARPU due to a higher proportion of subscribers receiving discounted analog cable services through bulk agreements and (ii) an improvement in RGU mix attributable to a higher proportion of fixed-line telephony and broadband internet RGUs.

(c) The increase in our mobile subscription revenue is primarily due to the net effect of (i) an increase in the average number of mobile subscribers, (ii) a reduction in billable usage and (iii) lower ARPU due to the impact of an increase in the proportion of subscribers receiving lower-priced tiers of mobile services.

(d) The decrease in our other non-subscription revenue is primarily attributable to the net effect of (i) a decrease in carriage fee revenue, (ii) an increase in installation revenue, due to a higher number of installations and an increase in the average installation fee, and (iii) a decrease in interconnect revenue.

OpEx

General. OpEx includes programming and copyright, network operations, interconnect, customer operations, customer care and other costs related to our operations. Our network operating costs include significant expenses incurred pursuant to long-term agreements with Deutsche Telekom for the use of assets and other services provided by Deutsche Telekom. Our programming and copyright costs, which represent the majority of our direct costs, are expected to rise in future periods as a result of (i) growth in the number of our digital video subscribers, (ii) higher costs associated with the expansion of our digital video content, including rights associated with ancillary product offerings and rights that provide for the broadcast of live sporting events, and (iii) rate increases. In addition, we are subject to inflationary pressures with respect to our staff-related and other costs. Any cost increases that we are not able to pass on to our subscribers through service rate increases would result in increased pressure on our operating margins. The details of our OpEx costs are as follows:

	Year ended December 31,		Increase (decrease)	
	2013	2012	€	%
	in millions			
Direct costs (programming and copyright, interconnect and other)	€ 190.9	€ 178.5	€ 12.4	6.9
Network operating costs	173.5	174.8	(1.3)	(0.7)
Staff-related costs (excluding restructuring charges)	82.7	86.8	(4.1)	(4.7)
Outsourced labor and professional services	53.8	39.3	14.5	36.9
Other indirect costs	47.5	28.9	18.6	64.4

	Year ended December 31,		Increase (decrease)	
	2013	2012	€	%
		in millions		
Total	€ 548.4	€ 508.3	€ 40.1	7.9

Our total OpEx increased €40.1 million or 7.9% during 2013, as compared to 2012. This increase includes the following factors:

- An increase in other indirect costs of €18.6 million or 64.4%, largely due to (i) an increase in bad debt and collection expenses and (ii) an increase in facilities expenses, primarily related to higher rent;
- An increase in outsourced labor and professional services of €14.5 million or 36.9%, largely due to (i) increased call center costs and (ii) higher consulting costs related to a customer retention project;
- An increase in direct costs of €12.4 million or 6.9%, primarily due to the net effect of (i) an increase in programming and copyright costs, primarily due to (a) growth in digital cable services and (b) an increase of €3.3 million due to the impact of accrual releases during the third quarter of 2012 relating to the settlement or reassessment of operational contingencies, and (ii) a decrease in interconnect costs, primarily due to lower rates;
- A decrease in staff-related costs of €4.1 million or 4.7%, primarily due to the net effect of (i) decreased staffing levels and (ii) annual wage increases; and
- A decrease in network operating costs of €1.3 million or 0.7%, due to the net effect of (i) higher outsourced labor costs associated with customer-facing activities, (ii) an increase associated with higher network and customer premises equipment maintenance costs, (iii) a decrease associated with the reassessment of certain accruals related to the refurbishment of customer premises equipment during the second quarter of 2013 and (iv) other individually insignificant net decreases.

SG&A

General. SG&A includes human resources, information technology, general services, management, finance, legal and sales and marketing costs, share-based compensation and other general expenses. As noted above under *OpEx*, we are subject to inflationary pressures with respect to our staff-related and other costs. The details of our SG&A costs are as follows:

	Year ended December 31,		Increase (decrease)	
	2013	2012	€	%
		in millions		
Staff-related costs (excluding restructuring charges)	€ 66.1	€ 63.1	€ 3.0	4.8
Sales and marketing costs	95.1	101.7	(6.6)	(6.5)
Outsourced labor and professional services	11.5	17.0	(5.5)	(32.4)
Other indirect costs	50.2	46.9	3.3	7.0
Total	€ 222.9	€ 228.7	€ (5.8)	(2.5)

Our total SG&A decreased €5.8 million or 2.5% during 2013, as compared to 2012. This decrease includes the following factors:

- A decrease in sales and marketing costs of €6.6 million or 6.5%, largely due to lower costs associated with advertising campaigns and rebranding;
- A decrease in outsourced labor and professional services of €5.5 million or 32.4%, primarily due to lower consulting costs incurred during 2013 related to the integration of KBW;
- An increase in other indirect costs of €3.3 million or 7.0%, primarily due to (i) an increase in information technology-related expenses, primarily due to (a) higher costs incurred in connection with the migration of operating systems and (b) higher software and other information technology-related maintenance costs, and (ii) an increase in facilities expenses, primarily related to higher rent; and
- An increase in staff-related costs of €3.0 million or 4.8%, primarily due (i) increased staffing levels and (ii) annual wage increases.

Impairment, restructuring and other operating items, net

We recognized impairment, restructuring and other operating items, net, of €16.2 million during 2013, compared to €29.7 million during 2012. The 2013 amount includes (i) €10.6 million of restructuring charges associated with employee severance and termination costs related to reorganization activities, (ii) €5.3 million of impairment charges, (iii) €1.5 million of direct acquisition costs and (iv) a €1.2 million gain on disposal of assets. The 2012 amount includes (a) €30.8 million of restructuring charges associated with employee severance and termination costs related to reorganization activities, (b) a €2.7 million gain on disposal of assets and (c) €1.6 million of impairment charges. The 2013 direct acquisition costs represent third-party legal fees incurred in connection with the appeal by two of our competitors of the FCO decision to approve the LG/KBW Transaction.

Related-party fees and allocations

We recorded related-party fees and allocations related to corporate services performed by Liberty Global of €76.4 million during 2013 as compared to €53.7 million during 2012. These amounts represent charges, which originate with UPC Holding and other Liberty Global subsidiaries, to our company, including charges for management, finance, legal, technology, marketing and other services that support our company's operations, including the use of the UPC trademark. The 2013 amount includes fees and allocations related to both Unitymedia KabelBW and KBW for the entire year, while the 2012 amount only includes KBW for a partial year. For additional information, see note 16 to the Unitymedia KabelBW December 31, 2013 Consolidated Financial Statements.

Depreciation and amortization expense

Depreciation and amortization expense increased €39.7 million or 6.2% during 2013, as compared to 2012. This increase is due primarily to the net effect of (i) an increase associated with property and equipment additions related to the installation of customer premises equipment, the expansion and upgrade of our networks and other capital initiatives, (ii) a decrease associated with certain assets becoming fully depreciated and (iii) a decrease associated with changes in the useful lives of certain assets.

Net financial and other expense

Our net financial and other expense primarily includes interest expense, interest income, foreign currency transaction gains or losses, realized and unrealized gains or losses on derivative instruments and losses on debt modification and extinguishment. As further described below, we recorded net financial and other expense during 2013 of €622.2 million, as compared to €681.9 million during 2012.

Interest expense — third-party

Interest expense — third-party decreased €19.4 million or 4.6% during 2013, as compared to 2012, due primarily to the net effect of (i) lower weighted average interest rates and (ii) higher average outstanding third-party debt balances. For additional information, see note 13 to the Unitymedia KabelBW December 31, 2013 Consolidated Financial Statements.

Interest expense — related-party

Interest expense — related-party increased €22.5 million or 22.9% during 2013, as compared to 2012, due primarily to higher average outstanding related-party debt balances and, to a lesser extent, higher weighted average interest rates. Our related-party interest expense relates to (i) our shareholder loans payable to UPC Germany, including (a) the 2010 Shareholder Loan, (b) the 2012 Shareholder Loan and (c) the 2013 Shareholder Capex Loan, and (ii) the UMI Loan, which was fully repaid during the second quarter of 2013. For additional information, see note 13 to the Unitymedia KabelBW December 31, 2013 Consolidated Financial Statements.

Foreign currency transaction gains, net

We recognized foreign currency transaction gains, net, of €47.7 million during 2013, as compared to €20.1 million during 2012. These amounts primarily relate to the remeasurement of our U.S. dollar denominated indebtedness.

Realized and unrealized 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 underlying contracts are fully or partially settled and (ii) realized gains or losses upon the full or partial settlement of the underlying contracts. The details of our realized and unrealized losses on derivative instruments, net, are as follows:

	Year ended December 31,	
	2013	2012
	in millions	
Cross-currency derivative contracts(a)	€ (72.7)	€ (37.5)
Interest rate derivative contracts(b)	—	(5.6)
Total	€ (72.7)	€ (43.1)

(a) The loss during 2013 is primarily attributable to the net effect of (i) losses associated with decreases in market interest rates in the euro market, (ii) losses associated with a decrease in the value of the U.S. dollar relative to the euro and (iii) gains associated with decreases in market interest rates in the U.S. dollar market. In addition, the loss during 2013 includes a net gain of €6.6 million resulting from changes in our credit risk valuation adjustments. The loss during 2012 is primarily attributable to the net effect of (a) losses associated with decreases in market interest rates in the euro market, (b) gains associated with decreases in market interest rates in the U.S. dollar market and (c) losses associated with a decrease in the value of the U.S. dollar relative to the euro. In addition, the loss during 2012 includes a net gain of €6.7 million resulting from changes in our credit risk valuation adjustments.

(b) During the third quarter of 2012, our interest rate derivative contracts were terminated.

For additional information regarding our derivative instruments, see notes 6 and 7 to the Unitymedia KabelBW December 31, 2013 Consolidated Financial Statements.

Losses on debt modification and extinguishment, net

We recognized losses on debt modification and extinguishment, net, of €83.4 million and €143.6 million during 2013 and 2012, respectively. The loss during 2013 is related to the redemption of all of the then outstanding 2009 UM Euro Senior Secured Notes during the first and fourth quarters, including (i) €55.6 million representing the difference between the principal amount and redemption price of the debt redeemed and (ii) €27.8 million associated with the write-off of deferred financing costs and an unamortized discount. The loss during 2012 includes (i) a loss of €133.7 million during the fourth quarter associated with the redemption and repurchase of all of the 2009 UM Dollar Senior Secured Notes and a portion of the 2009 UM Euro Senior Secured Notes, including a loss of (a) €95.9 million representing the difference between the principal amount and redemption price of the debt redeemed and (b) €37.8 million associated with the write-off of deferred financing costs and an unamortized discount, (ii) a loss of €8.6 million representing the difference between the carrying value and redemption price of the UM Senior Secured Floating-Rate Exchange Notes that were redeemed during the third quarter and (iii) a loss of €1.1 million representing the difference between the carrying value and redemption price of the debt redeemed pursuant to the Special Optional Redemptions in May 2012. For additional information, see note 13 to the Unitymedia KabelBW December 31, 2013 Consolidated Financial Statements.

Income tax benefit (expense)

We recognized income tax benefit (expense) of (€48.4 million) and €80.3 million during 2013 and 2012, respectively.

The income tax expense during 2013 differs from the expected income tax benefit of €77.3 million (based on the German group income tax rate of 32.59%) due primarily to the negative impacts of (i) the loss of tax attributes in connection with a transaction that was completed by our ultimate parent entity, (ii) certain permanent differences between the financial and tax accounting treatment of interest and other items and (iii) the nonrecognition of certain net operating losses and interest carryforwards.

The income tax benefit during 2012 differs from the expected income tax benefit of €109.9 million (based on the German group income tax rate of 32.37%) due primarily to the negative impact of certain permanent

differences between the financial and tax accounting treatment of interest and other items. This negative impact was partially offset by the positive impact of the recognition of certain net operating losses and interest carryforwards.

For additional information regarding our income taxes, see note 14 to the Unitymedia KabelBW December 31, 2013 Consolidated Financial Statements.

Net loss

We reported net losses of €285.7 million and €259.3 million during 2013 and 2012, respectively.

2012 compared to 2011

In order to provide meaningful comparisons, the following discussion and analysis of our results of operations for 2012 is based on comparisons to our pro forma statement of operations for 2011. Our 2011 pro forma statement of operations gives effect to (i) the LG/KBW Transaction, (ii) the March 2011 Kabel BW Refinancing and (iii) the change in the reporting entities associated with the KBW Fold-in as if such transactions had been completed as of January 1, 2011. As a result, the pro forma statement of operations for 2011 presented below includes the historical operating results of the Kabel BW Group for the entire year. In connection with the KBW Fold-in, we issued the 2012 Shareholder Loan to UPC Germany as consideration for all of the outstanding shares of UPC Germany Holdings that were transferred to our company. No interest expense on the 2012 Shareholder Loan is reflected in our 2012 historical or 2011 pro forma results prior to the May 2012 issuance date. The pro forma amounts related to KBW are derived from the pre-acquisition historical consolidated financial statements of KBW. The pro forma amounts are not necessarily indicative of the operating results that would have occurred if these transactions had occurred on January 1, 2011. The pro forma adjustments are based on certain assumptions that we believe are reasonable.

Historical results for the year ended December 31, 2012 as compared to pro forma results for the year ended December 31, 2011 are set forth below (in millions):

	Year ended December 31, 2012	2011 pro forma
Revenue:		
Subscription revenue:		
Video	€ 948.6	€ 924.0
Broadband internet	283.8	220.8
Fixed-line telephony	346.4	292.5
Total cable subscription revenue	1,578.8	1,437.3
Mobile	9.6	2.8
Total subscription revenue	1,588.4	1,440.1
Non-subscription revenue	213.2	190.3
	1,801.6	1,630.4
Operating costs and expenses:		
OpEx	508.3	468.0
SG&A	228.7	198.7
Impairment, restructuring and other operating items, net	29.7	3.9
Related-party fees and allocations	53.7	35.8
	820.4	706.4
EBITDA	981.2	924.0
Depreciation and amortization	638.9	618.2
EBIT	342.3	305.8
Financial and other expense:		
Interest expense:		
Third-party	(424.0)	(425.2)
Related-party	(98.1)	(99.9)
Foreign currency transaction gains (losses), net	20.1	(50.6)
Realized and unrealized gains (losses) on derivative instruments, net	(43.1)	18.0
Losses on debt modification and extinguishment, net	(143.6)	—
Other income, net	6.8	0.8
Net financial and other expense	(681.9)	(556.9)
Loss before income taxes	(339.6)	(251.1)
Income tax benefit	80.3	40.7
Net loss	€ (259.3)	€ (210.4)

Revenue

The details of our revenue are set forth below (in millions, except percentages):

	Year ended December 31,		Increase	
	2012	2011 pro forma	€	%
Subscription revenue(a):				
Video	€ 948.6	€ 924.0	€ 24.6	2.7
Broadband internet	283.8	220.8	63.0	28.5
Fixed-line telephony	346.4	292.5	53.9	18.4
Total cable subscription revenue(b)	1,578.8	1,437.3	141.5	9.8
Mobile(c)	9.6	2.8	6.8	242.9
Total subscription revenue	1,588.4	1,440.1	148.3	10.3
Non-subscription revenue(d)	213.2	190.3	22.9	12.0
Total	€ 1,801.6	€ 1,630.4	€ 171.2	10.5

(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.

(b) We provide services to certain SOHO subscribers. SOHO subscribers pay a premium price to receive enhanced service levels along with video, broadband internet or fixed-line telephony services that are similar to the mass marketed products offered to our residential subscribers. Revenue from SOHO subscribers, which aggregated €5.4 million and €0.8 million, respectively, is included in cable subscription revenue.

(c) Mobile subscription revenue excludes €0.5 million and nil, respectively, of mobile interconnect revenue. Mobile interconnect revenue is included in non-subscription revenue.

(d) Includes carriage fee, interconnect and installation revenue.

The details of our revenue increase during 2012, as compared to 2011, are set forth below (in millions):

Increase in cable subscription revenue due to change in:	
Average number of RGUs(a)	€ 111.5
ARPU(b)	30.0
Total increase cable subscription revenue	141.5
Increase in mobile subscription revenue(c)	6.8
Total increase in subscription revenue	148.3
Increase in non-subscription revenue(d)	22.9
Total	€ 171.2

(a) The increase in our cable subscription revenue related to a change in the average number of RGUs is attributable to increases in the average numbers of broadband internet, fixed-line telephony and digital cable RGUs that were only partially offset by a decline in the average number of analog cable RGUs. The decline in our average number of analog cable RGUs led to a decline in the average number of total video RGUs during 2012, as compared to 2011.

(b) The increase in our cable subscription revenue related to a change in ARPU is due to (i) an improvement in RGU mix, attributable to higher proportions of fixed-line telephony, digital cable and broadband internet RGUs, and (ii) a net increase resulting primarily from the following factors: (a) lower ARPU due to a decrease in fixed-line telephony call volume for customers on usage-based calling plans, (b) higher ARPU from digital cable services, (c) lower ARPU due to a higher proportion of customers receiving discounted analog cable services through bulk agreements and (d) higher ARPU from broadband internet services.

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

(d) The increase in our non-subscription revenue is primarily attributable to (i) an increase in installation revenue, due to a higher number of installations and an increase in the average installation fee, (ii) an increase in interconnect revenue and (iii) an increase in network usage revenue, most of which relates to the settlement of prior year amounts.

OpEx

The details of our OpEx are set forth below (in millions, except percentages):

	Year ended December 31,		Increase (decrease)	
	2012	2011 pro forma	€	%
Direct costs (programming and copyright, interconnect and other)	€ 178.5	€ 161.3	€ 17.2	10.7
Network operating costs	174.8	158.0	16.8	10.6
Staff-related costs (excluding restructuring charges)	86.8	89.3	(2.5)	(2.8)
Outsourced labor and professional services	39.3	27.8	11.5	41.4
Other indirect costs	28.9	31.6	(2.7)	(8.5)

	Year ended December 31,		Increase (decrease)	
	2012	2011	€	%
		pro forma		
Total	€ 508.3	€ 468.0	€ 40.3	8.6

Our total OpEx increased €40.3 million or 8.6% during 2012, as compared to 2011. This increase includes the following factors:

- An increase in direct costs of €17.2 million or 10.7%, primarily attributable to (i) an increase in programming and related costs, due to the net effect of (a) growth in digital video services and (b) a decrease of €1.4 million due to the net impact of accrual releases during 2012 and 2011 related to the settlement or reassessment of operational contingencies, and (ii) an increase in interconnect costs, primarily due to a higher number of fixed-line telephony subscribers;
- An increase in network operating costs of €16.8 million or 10.6%, primarily due to (i) higher outsourced labor costs associated with customer-facing activities, (ii) higher costs associated with the refurbishment of customer premises equipment, (iii) higher energy costs, due in part to the release of accruals in connection with the settlement of operational contingencies during the second and fourth quarters of 2011, and (iv) an increase in encryption costs, due largely to an increase in the number of installed digital set-top boxes. Duct and pole rental costs increased slightly primarily due to the negative impact of a fourth quarter 2011 settlement of an operational contingency; and
- An increase in outsourced labor and professional services of €11.5 million or 41.4%, primarily due to higher call center costs attributable to higher call volumes.

SG&A

The details of our SG&A costs are set forth below (in millions, except percentages):

	Year ended December 31,		Increase	
	2012	2011	€	%
		pro forma		
Staff related costs (excluding restructuring charges)	€ 63.1	€ 60.4	€ 2.7	4.5
Sales and marketing costs	101.7	90.3	11.4	12.6
Outsourced labor and professional services	17.0	13.3	3.7	27.8
Other indirect costs	46.9	34.7	12.2	35.2
Total	€ 228.7	€ 198.7	€ 30.0	15.1

Our total SG&A increased €30.0 million or 15.1% during 2012, as compared to 2011. This increase includes the following factors:

- An increase in other indirect costs of €12.2 million or 35.2%, largely attributable to (i) an increase in facilities expenses, primarily due to higher costs related to the rental of office space, and (ii) an increase in delivery and postage costs primarily associated with the delivery of customer premises equipment to retail locations;
- An increase in sales and marketing costs of €11.4 million or 12.6%, primarily due to net effect of (i) increased costs associated with rebranding and other advertising campaigns and (ii) lower expenses for third-party sales commissions, as a higher proportion of capitalized third-party sales commissions more than offset the impact of higher overall third-party sales commissions during 2012;
- An increase in outsourced labor and professional services of €3.7 million or 27.8%, primarily due to higher consulting costs associated with the integration of KBW's operations; and
- An increase in staff-related costs of €2.7 million or 4.5%, primarily due to the net effect of (i) annual wage increases, (ii) lower bonus costs and (iii) lower severance costs.

Impairment, restructuring and other operating items, net

We recognized impairment, restructuring and other operating items, net, of €29.7 million during 2012, compared to €3.9 million during 2011. The 2012 amount includes (i) €30.8 million of restructuring charges associated with employee severance and termination costs related to reorganization activities, (ii) a €2.7 million gain on disposal of assets and (iii) €1.6 million of impairment charges. The 2011 amount includes

(a) €5.2 million of impairment charges and (b) a €1.3 million gain on disposal of assets. The 2011 impairment charges primarily relate to the write-off of development costs associated with a customer billing system that was discontinued.

Related-party fees and allocations

We recorded related-party fees and allocations related to corporate services performed by Liberty Global of €53.7 million during 2012 as compared to €35.8 million during 2011. These amounts represent charges, which originate with UPC Holding and other Liberty Global subsidiaries, to our company, including charges for management, finance, legal, technology, marketing and other services that support our company's operations. The 2012 amounts include fees and allocations related to both Unitymedia KabelBW and KBW, while the 2011 amounts do not include any amounts related to KBW. For additional information, see note 16 to the Unitymedia KabelBW December 31, 2013 Consolidated Financial Statements.

Depreciation and amortization expense

Depreciation and amortization expense increased €20.7 million or 3.3% during 2012, as compared to 2011. This increase is due primarily to the net effect of (i) an increase in property and equipment additions, (ii) an increase in expenditures for capitalized subscriber acquisition costs, (iii) a decrease associated with certain assets becoming fully depreciated and (iv) a decrease related to accelerated deprecation of certain network equipment in 2011 that was not repeated in 2012.

Net financial and other expense

Our net financial and other expense primarily includes interest expense, interest income, foreign currency transaction gains or losses, realized and unrealized gains or losses on derivative instruments and losses on debt modification and extinguishment. As further described below, we recorded net financial and other expense during 2012 of €681.9 million, as compared to €556.9 million during 2011.

Interest expense — third-party

Interest expense — third-party decreased €1.2 million or 0.3% during 2012, as compared to 2011, due primarily to the net effect of (i) lower weighted average interest rates and (ii) slightly higher average outstanding third-party debt balances. For additional information, see note 13 to the Unitymedia KabelBW December 31, 2013 Consolidated Financial Statements.

Interest expense — related-party

Interest expense — related-party decreased €1.8 million or 1.8% during 2012, as compared to 2011, due primarily to the net effect of (i) lower average outstanding related-party debt balances during 2012 and (ii) higher weighted average interest rates. Our related-party interest expense relates to (a) our shareholder loans payable to UPC Germany, including (1) the 2010 Shareholder Loan and (2) following the May 2012 KBW Fold-in, the 2012 Shareholder Loan and (b) the UMI Loan. For additional information, see note 13 to the Unitymedia KabelBW December 31, 2013 Consolidated Financial Statements.

Foreign currency transaction gains (losses), net

We recognized foreign currency transaction gains (losses), net, of €20.1 million during 2012, as compared to (€50.6 million) during 2011. These amounts primarily relate to the remeasurement of our U.S. dollar denominated indebtedness.

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 underlying contracts are fully or partially settled and (ii) realized gains or losses upon the full or partial settlement of the underlying contracts. The details of our realized and unrealized gains (losses) on derivative instruments, net, are as follows (in millions):

	Year ended December 31,			
	2012		2011	
			pro forma	
Cross-currency derivative contracts(a)	€	(37.5)	€	45.3
Interest rate derivative contract(b)		(5.6)		(27.3)
Total	€	(43.1)	€	18.0

(a) The loss during 2012 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 interest rates in the U.S. dollar market and (iii) losses associated with a decrease in the value of the U.S. dollar relative to the euro. In addition, the loss during 2012 includes a net gain of €6.7 million resulting from changes in our credit risk valuation adjustments. The gain during 2011 is primarily attributable to the net effect of (a) gains associated with decreases in market interest rates in the U.S. dollar market, (b) losses associated with decreases in market interest rates in the euro market and (c) gains associated with an increase in the value of the U.S. dollar relative to the euro. In addition, the gain during 2011 includes a net loss of €7.4 million resulting from changes in our credit risk valuation adjustments.

(b) During the third quarter of 2012, our interest rate derivative contracts were terminated.

For additional information regarding our derivative instruments, see notes 6 and 7 to the Unitymedia KabelBW December 31, 2013 Consolidated Financial Statements.

Losses on debt modification and extinguishment, net

We recognized losses on debt modification and extinguishment, net, of €143.6 million during 2012. This loss includes (i) a loss of €133.7 million during the fourth quarter associated with the redemption and repurchase of all of the 2009 UM Dollar Senior Secured Notes and a portion of the 2009 UM Euro Senior Secured Notes, including a loss of (a) €95.9 million representing the difference between the principal amount and redemption price of the debt redeemed and (b) €37.8 million associated with the write-off of deferred financing costs and an unamortized discount, (ii) a loss of €8.6 million representing the difference between the carrying value and redemption price of the UM Senior Secured Floating-Rate Exchange Notes that were redeemed during the third quarter and (iii) a loss of €1.1 million representing the difference between the carrying value and redemption price of the debt redeemed pursuant to the Special Optional Redemptions in May 2012. For additional information, see note 13 to the Unitymedia KabelBW December 31, 2013 Consolidated Financial Statements.

Income tax benefit

We recognized income tax benefit of €80.3 million and €40.7 million during 2012 and 2011, respectively.

The income tax benefit during 2012 differs from the expected income tax benefit of €109.9 million (based on the German group income tax rate of 32.37%) due primarily to the negative impact of certain permanent differences between the financial and tax accounting treatment of interest and other items. This negative impact was partially offset by the positive impact of the recognition of certain net operating losses and interest carryforwards.

The income tax benefit during 2011 differs from the expected income tax benefit of €80.1 million (based on the German group income tax rate of 31.88%) due primarily to the negative impacts of certain permanent differences between the financial and tax accounting treatment of interest and other items.

For additional information regarding our income taxes, see note 14 to the Unitymedia KabelBW December 31, 2013 Consolidated Financial Statements.

Net loss

We reported net losses of €259.3 million and €210.4 million during 2012 and 2011, respectively.

Liquidity and Capital Resources

Sources and Uses of Cash

Cash and cash equivalents

Although our consolidated operating subsidiaries have generated cash from operating activities, the terms of our subsidiaries' debt instruments restrict our ability to access the assets of these subsidiaries. At September 30, 2014, €0.2 million of our consolidated cash and cash equivalents was held by our company and the remaining €13.1 million was held by our subsidiaries. In addition, our ability to access the liquidity of our subsidiaries may be limited by tax and legal considerations or other factors.

Liquidity of Unitymedia KabelBW

Our sources of liquidity at the parent level include (i) our cash and cash equivalents, (ii) amounts due under the UPC Germany Loan Receivable, (iii) funding from UPC Germany (and ultimately from Liberty Global or other Liberty Global subsidiaries) in the form of loans or contributions, as applicable, and (iv) subject to the restrictions noted above, proceeds in the form of distributions or loans from Unitymedia Hessen, Unitymedia NRW GmbH (Unitymedia NRW), KBW or other subsidiaries.

The ongoing cash needs of Unitymedia KabelBW include (i) corporate general and administrative expenses and (ii) interest payments on outstanding debt. From time to time, Unitymedia KabelBW may also require cash in connection with (a) the repayment of outstanding debt, (b) the satisfaction of contingent liabilities or (c) acquisitions and other investment opportunities. No assurance can be given that funding from UPC Germany (and ultimately from Liberty Global or other Liberty Global subsidiaries), our subsidiaries or external sources would be available on favorable terms, or at all.

Liquidity of Unitymedia Hessen, Unitymedia NRW, KBW and our Other Operating Subsidiaries

In addition to cash and cash equivalents, the primary sources of liquidity of Unitymedia Hessen, Unitymedia NRW, KBW and our other operating subsidiaries is cash provided by operations and, in the case of Unitymedia Hessen and Unitymedia NRW, any borrowing availability under the Unitymedia KabelBW Revolving Credit Facilities. At September 30, 2014, we had aggregate borrowing capacity of €500.0 million under Unitymedia KabelBW Revolving Credit Facilities. For additional information, see note 7 to the Unitymedia KabelBW September 30, 2014 Condensed Consolidated Financial Statements.

The liquidity of Unitymedia Hessen, Unitymedia NRW, KBW and our other operating subsidiaries generally is used to fund capital expenditures, debt service requirements and other liquidity requirements that may arise from time to time. For additional information regarding of our consolidated cash flows, see the discussion under *Consolidated Statements of Cash Flows* below. Our subsidiaries may also require funding in connection with (i) the repayment of outstanding debt, (ii) acquisitions and other investment opportunities or (iii) distributions or loans to Unitymedia KabelBW (and ultimately to Liberty Global or other Liberty Global subsidiaries). No assurance can be given that any external funding would be available to our subsidiaries on favorable terms, or at all.

Capitalization

At September 30, 2014, our outstanding consolidated third-party debt and finance lease obligations aggregated €5,761.8 million, substantially all of which is not due until 2019 or thereafter. For information regarding a financing transaction completed subsequent to September 30, 2014, see note 11 to the Unitymedia KabelBW September 30, 2014 Condensed Consolidated Financial Statements.

Our ability to service or refinance our debt and to maintain compliance with our leverage covenants is dependent primarily on our ability to maintain or increase the Adjusted EBITDA of our operating subsidiaries and to achieve adequate returns on our capital expenditures and acquisitions. Our ability to maintain or increase cash from our operations will depend on our future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control. In addition, our ability to obtain additional debt financing is limited by the leverage covenants contained in our and our subsidiaries' various debt instruments. In this regard, if our Adjusted EBITDA were to decline, we could be required to repay or limit our borrowings under the Unitymedia KabelBW Revolving Credit Facilities 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 believe that our cash and cash equivalents, the UPC Germany Loan Receivable, the cash provided from the operations of our subsidiaries and any available borrowings under the Unitymedia KabelBW Revolving Credit Facilities will be sufficient to fund our currently anticipated working capital needs, capital expenditures and debt service requirements during the next 12 months, although no assurance can be given that this will be the case. However, as our debt matures 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 refinancing transactions or otherwise extend our debt maturities. In this regard, it is not possible to predict how economic conditions, sovereign debt concerns and/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.

Consolidated Statements of Cash Flows

Condensed Consolidated Statements of Cash Flows — Nine Months ended September 30, 2014 compared to Nine Months ended September 30, 2013

The below discussion is based on the amounts as presented in our condensed consolidated statements of cash flows.

Summary. Our condensed consolidated statements of cash flows for the nine months ended September 30, 2014 and 2013 are summarized as follows:

	Nine months ended September 30,		
	2014	2013	Change
		in millions	
Net cash provided by operating activities	€ 631.3	€ 525.3	€ 106.0
Net cash used by investing activities	(582.7)	(403.0)	(179.7)
Net cash used by financing activities	(48.9)	(34.5)	(14.4)
Net increase (decrease) in cash and cash equivalents	€ (0.3)	€ 87.8	€ (88.1)

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 EBITDA and related working capital changes and (ii) a decrease in cash provided due to higher cash payments for interest.

Investing Activities. The increase in net cash used by our investing activities is primarily attributable to an increase in cash used to fund advances to UPC Germany of €184.8 million.

The capital expenditures that we report in our consolidated statements of cash flows do not include amounts that are financed under vendor financing or finance lease arrangements. Instead, these amounts are reflected as non-cash additions to our property, equipment and intangible assets 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 vendor financing or finance lease arrangements, and (ii) our total property, equipment and intangible asset additions, which include our capital expenditures on an accrual basis and amounts financed under vendor financing or finance lease arrangements.

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

	Nine months ended September 30,	
	2014	2013
	in millions	
Property, equipment and intangible asset additions	€ 360.0	€ 363.9
Assets acquired under capital-related vendor financing arrangements	(65.0)	(19.7)
Changes in liabilities related to capital expenditures (including related-party amounts)	18.2	(32.4)
Capital expenditures	€ 313.2	€ 311.8

The decrease in our property, equipment and intangible asset additions is primarily due to the net effect of (i) a decrease in expenditures for the purchase and installation of customer premises equipment, (ii) an increase in expenditures for general support purposes and systems and (iii) an increase in expenditures for new build and upgrade projects to expand services. In terms of the composition of our property, equipment and intangible asset additions during the first nine months of 2014, (a) 49% relates to the rebuild and upgrade of our distribution network, (b) 22% relates to the purchase and installation of customer premises equipment, (c) 15% relates to capitalized third-party commissions and (d) the remainder relates to expenditures for general support purposes and systems.

Financing activities. The increase in net cash used by our financing activities is primarily attributable to the net effect of (i) an increase in cash used related to lower net borrowings of third-party debt of €402.6 million, (ii) a decrease in cash used related to lower net repayments of related-party debt of €346.0 million and (iii) a decrease in cash used associated with lower payments of financing costs and debt premiums of €42.0 million.

Consolidated Statements of Cash Flows — 2013 compared to 2012

Summary. The 2013 and 2012 consolidated statements of cash flows are summarized as follows:

	Year ended December 31,		
	2013	2012	Change
	in millions		
Net cash provided by operating activities	€ 713.8	€ 634.2	€ 79.6
Net cash used by investing activities	(687.0)	(637.8)	(49.2)
Net cash used by financing activities	(33.4)	(24.3)	(9.1)
Net decrease in cash and cash equivalents	€ (6.6)	€ (27.9)	€ 21.3

Operating Activities. The increase in net cash provided by our operating activities is primarily attributable to (i) an increase in cash provided due to lower cash payments for interest and (ii) an increase in the cash provided by our Adjusted EBITDA and related working capital changes.

Investing Activities. The increase in net cash used by our investing activities is primarily attributable to the net effect of (i) an increase in cash used of €95.6 million to fund advances to UPC Germany and (ii) a decrease in cash used of €45.6 million due to lower capital expenditures.

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

	Year ended December 31,	
	2013	2012
	in millions	
Property, equipment and intangible asset additions	€ 478.7	€ 507.0
Assets acquired under capital-related vendor financing and capital lease arrangements (including related-party amounts)	(33.5)	(33.8)
Changes in liabilities related to capital expenditures (including related-party amounts)	(25.9)	(8.3)
Capital expenditures	€ 419.3	€ 464.9

The decrease in our property, equipment and intangible asset additions is primarily due to the net effect of (i) a decrease in expenditures for new build and upgrade projects to expand services, (ii) an increase in expenditures for general support systems and (iii) a decrease in expenditures for the purchase and installation of customer premises equipment. In terms of the composition of our property, equipment and intangible asset additions during 2013, (a) 48% relates to the rebuild and upgrade of our distribution network, primarily in

connection with the upgrade of in-home wiring, (b) 24% relates to the purchase and installation of customer premises equipment, (c) 15% relates to capitalized third-party commissions and (d) the remainder relates to expenditures for general support systems. During 2013 and 2012, our property, equipment and intangible asset additions represented 24.8% and 28.1% of our revenue, respectively.

Financing Activities. The increase in cash used by our financing activities is primarily due to the net effect of (i) an increase in cash used of €387.6 million related to higher net repayments of related-party debt, (ii) a decrease in cash used of €308.3 million related to higher net borrowings of third-party debt and (iii) a decrease in cash used of €58.9 million associated with lower payments of financing costs and debt premiums.

Consolidated Statements of Cash Flows — 2012 compared to 2011

Summary. The 2012 and 2011 consolidated statements of cash flows, which include the cash flows of the Kabel BW Group for periods following December 15, 2011, are summarized as follows:

	Year ended December 31,		
	2012	2011	Change
	in millions		
Net cash provided by operating activities	€ 634.2	€ 342.9	€ 291.3
Net cash used by investing activities	(637.8)	(1,304.8)	667.0
Net cash provided (used) by financing activities	(24.3)	954.2	(978.5)
Net decrease in cash and cash equivalents	€ (27.9)	€ (7.7)	€ (20.2)

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 EBITDA and related working capital items, due largely to the LG/KBW Transaction, (ii) a decrease in cash provided due to higher cash payments for interest, due largely to the LG/KBW Transaction, (iii) an increase in cash provided due to lower cash payments related to derivative instruments and (iv) an increase in cash provided due to lower cash payments for taxes.

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 €882.7 million associated with net cash paid for the LG/KBW Transaction in 2011, (ii) an increase in cash used of €157.5 million due to higher capital expenditures, (iii) an increase in cash used of €120.1 million to fund advances to UPC Germany and (iv) a decrease in cash used of €61.0 million due to the investment in an associate in 2011.

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

	Year ended December 31,	
	2012	2011
	in millions	
Property, equipment and intangible asset additions	€ 507.0	€ 314.5
Assets acquired under capital-related vendor financing and capital lease arrangements (including related-party amounts)	(33.8)	(1.3)
Changes in liabilities related to capital expenditures (including related-party amounts)	(8.3)	(5.8)
Capital expenditures	€ 464.9	€ 307.4

The increase in our property, equipment and intangible asset additions is primarily due to (i) the LG/KBW Transaction, (ii) an increase in expenditures for the purchase and installation of customer premises equipment, (iii) an increase in expenditures for new build and upgrade projects to expand services and (iv) an increase in capitalized third-party commissions. In terms of the composition of our property, equipment and intangible asset additions during 2012, (a) 51% relates to the rebuild and upgrade of our distribution network, primarily in connection with the upgrade of in-home wiring, (b) 25% relates to the purchase and installation of customer premises equipment, (c) 14% relates to capitalized third-party commissions and (d) the remainder relates to expenditures for general support systems. During 2012 and 2011, our property, equipment and intangible asset additions represented 28.1% and 29.9% of our revenue, respectively.

Financing Activities. The change in cash provided (used) by financing activities is primarily due to the net effect of (i) a decrease in cash due to lower contributions from UPC Germany of €953.5 million, (ii) a decrease in cash of €129.3 million associated with higher payments of financing costs and debt premiums,

(iii) an increase in cash of €88.3 million related to higher net borrowings of third-party debt and (iv) an increase in cash of €29.8 million related to higher net related-party borrowings.

Off Balance Sheet Arrangements

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

Critical Accounting Policies

Our critical accounting policies include our policies with respect to:

- Impairment of property and equipment and intangible assets (including goodwill);
- Costs associated with construction and installation activities;
- Useful lives of long-lived assets;
- Fair value measurements; and
- Income tax accounting.

For additional information concerning these policies, see note 3 to the Unitymedia KabelBW December 31, 2013 Consolidated Financial Statements.

BUSINESS OF UNITYMEDIA KABELBW

In this "Business of Unitymedia KabelBW" section, unless the context otherwise requires, the terms "we", "our", "our company", "us" and "Unitymedia KabelBW" refer to Unitymedia KabelBW GmbH and its consolidated subsidiaries. Unless otherwise indicated, operational and statistical data, including subscriber statistics and product offerings, are as of September 30, 2014.

Introduction

We provide digital and analog cable television and broadband internet and telephony services to our customers over our broadband communications network and mobile services as a mobile virtual network operator (MVNO). We are the second largest cable operator in Germany and the largest cable operator in the German states of North Rhine-Westphalia and Hesse (collectively, the "Unitymedia" footprint) and Baden-Württemberg (the "KabelBW" footprint) in terms of video subscribers. As of December 31, 2013, the three federal states have a population and combined number of households of 34.2 million and 16.5 million, respectively, and include the major cities of Cologne, Dortmund, Düsseldorf, Essen, Frankfurt, Karlsruhe, Mannheim, Stuttgart and Wiesbaden.

We classify our customers based on our main subscription-based business activities. The following table shows our operating statistics as of September 30, 2014 and 2013, and December 31, 2013. Unless otherwise indicated, the operating information set forth in the table below and elsewhere in this section represents the aggregation of both the Unitymedia and KabelBW footprints.

	September 30,		December 31,
	2014	2013	2013
Footprint			
Homes Passed(1)	12,687,000	12,620,900	12,634,300
Two-way Homes Passed(2)	12,357,500	12,217,300	12,295,200
Subscribers (RGUs)(3)			
Digital Cable(4)	2,263,800	2,214,300	2,234,900
Analog Cable(5)	4,300,700	4,413,500	4,366,500
Total Video	6,564,500	6,627,800	6,601,400
Internet(6)(10)	2,818,100	2,490,700	2,579,600
Telephony(7)(10)	2,683,000	2,444,500	2,517,500
Total RGUs	12,065,600	11,563,000	11,698,500
Penetration			
Digital Cable as % of Total Video Subs(8)	34.5%	33.4%	33.9%
Internet as % of Two-way Homes Passed(9)	22.8%	20.4%	21.0%
Telephony as % of Two-way Homes Passed(9)	21.7%	20.0%	20.5%
Customer relationships(10)			
Customer Relationships(11)	7,103,300	7,070,900	7,069,800
RGUs per Customer Relationship	1.70	1.64	1.65
Customer bundling			
Single-Play	60.8%	64.7%	63.4%
Double-Play	8.5%	7.2%	7.7%
Triple-Play	30.7%	28.1%	28.9%
Mobile statistics			
Mobile subscribers(12)	296,100	196,900	239,500

(1) Homes Passed are homes, residential multiple dwelling units or commercial units that can be connected to our network without materially extending the distribution plant. Our Homes Passed counts are based on census data that can change based on either revisions to the data or from new census results.

(2) Two-way Homes Passed are Homes Passed by those sections of our network that are technologically capable of providing two-way services, including video, internet and telephony services, up to the street cabinet, with drops from the street cabinet to the building generally added, and in-home wiring generally upgraded, on an as-needed, success-based basis.

(3) Revenue Generating Unit ("**RGU**") is separately an Analog Cable Subscriber, Digital Cable Subscriber, Internet Subscriber or Telephony Subscriber (as defined and described below). A home, residential multiple dwelling unit or commercial unit may contain one or more RGUs. For example, if a residential customer subscribed to our digital cable service, telephony service and broadband internet service, the customer would constitute three RGUs. Total RGUs is the sum of Analog Cable, Digital Cable, Internet and Telephony Subscribers. RGUs generally are counted on a unique premises basis such that a given premises does not count as more than one RGU for any given service. On the other hand, if an individual receives one of our services in two premises (e.g., a primary home and a vacation home), that individual will count as two RGUs for that service. Each bundled cable, internet or telephony service is counted as a separate RGU regardless of the nature of any bundling discount or promotion. Non-paying subscribers are counted as subscribers during their free promotional service period. Some of these subscribers may choose to disconnect after their free service period. We do not include subscriptions to mobile services in our externally reported RGU counts.

(4) Digital Cable Subscriber is a home, residential multiple dwelling unit or commercial unit that receives our digital cable service over our broadband network. We count a subscriber with one or more digital converter boxes that receives our digital cable service in one premises as just one subscriber. A Digital Cable Subscriber is not counted as an Analog Cable Subscriber. As we migrate customers from analog to digital cable services, we report a decrease in our Analog Cable Subscribers equal to the increase in our Digital Cable Subscribers. As discussed in further detail in note 5 below, Basic Digital Cable Subscribers are not included in our Digital Cable Subscriber count.

(5) Analog Cable Subscriber is a home, residential multiple dwelling unit or commercial unit that receives our analog cable service over our broadband network. The Analog Cable Subscriber count also includes subscribers who may use a purchased set-top box or other means to receive our basic digital cable channels without subscribing to any services that would require the payment of recurring monthly fees in addition to the basic analog service fee ("**Basic Digital Cable Subscriber**"). Our Basic Digital Cable Subscribers are attributable to the fact that our basic digital cable channels are unencrypted.

(6) Internet Subscriber is a home, residential multiple dwelling unit or commercial unit that receives internet services over our network. Our Internet Subscribers do not include customers that receive services from dial-up connections. In our Unitymedia footprint, we offer a low-speed wholesale internet service to housing associations on a bulk basis. As of September 30, 2014, our Internet Subscribers include approximately 7,900 subscribers within such housing associations who have requested and received a modem that enables the receipt of this low-speed wholesale internet service.

(7) Telephony Subscriber is a home, residential multiple dwelling unit or commercial unit that receives voice services over our network. Telephony Subscribers exclude mobile telephony subscribers.

(8) Digital cable penetration is calculated by dividing the number of digital cable RGUs by the total number of digital and analog cable RGUs.

(9) Internet and telephony penetration is calculated by dividing the number of internet and telephony RGUs by the number of two-way homes passed.

(10) Our business-to-business ("**B2B**") revenue is primarily derived from SOHO subscribers that pay a premium price to receive enhanced service levels along with video, internet and telephony services that are the same or similar to the mass marketed products offered to our residential subscribers. All mass marketed products provided to SOHOs, whether or not accompanied by enhanced service levels and/or premium prices, are included in our RGU and customer counts, with only those services provided at premium prices considered to be "SOHO RGUs" or "SOHO customers". With the exception of our B2B SOHO subscribers, we generally do not count customers of B2B services as customers or RGUs for external reporting purposes.

(11) Customer Relationships are the number of customers who receive at least one of our video, internet or telephony services that we count as RGUs, without regard to which, or to how many services they subscribe. Customer Relationships generally are counted on a unique premises basis. Accordingly, if an individual receives our services in two premises (e.g., a primary home and a vacation home), that individual generally will count as two Customer Relationships. We exclude mobile customers from Customer Relationships.

(12) Our mobile subscriber count represents the number of subscriber identification module ("**SIM**") cards in service. The change in our mobile subscribers from September 30, 2013 includes a non-organic reduction of 2,000 to remove services provided to employees.

History

Our predecessor company was formed on September 20, 2002, as a German limited liability company (*Gesellschaft mit beschränkter Haftung*), which we refer to as Old Unitymedia. Old Unitymedia's operations resulted from the acquisition by Unitymedia Hessen GmbH & Co. KG of Unitymedia NRW GmbH in 2005 and the integration of the assets and liabilities of the cable network business of Tele Columbus which were located in North Rhine-Westphalia and Hesse. The combinations allowed Old Unitymedia to interconnect the broadband cable networks in North Rhine-Westphalia and Hesse and build the first fully integrated cable network in Germany. In May 2007, Old Unitymedia introduced a single Unitymedia brand for its products and services and, in its upgraded network coverage area, began to offer a triple-play product, combining digital cable television services with broadband internet access and telephony services.

We were formed by Liberty Global on October 15, 2009, in contemplation of the issuance of debt financing in connection with our then potential acquisition of Old Unitymedia. On January 28, 2010, we acquired 100% of Old Unitymedia in the LG/Unitymedia Transaction and on September 16, 2010, we completed the Unitymedia Merger, pursuant to which Old Unitymedia was merged with us and we were the surviving entity in the merger. With effect from August 8, 2012 we changed our name to Unitymedia KabelBW GmbH.

On December 15, 2011, UPC Germany HC2, a wholly-owned indirect subsidiary of UPC Germany (Unitymedia KabelBW's immediate parent company), completed the LG/KBW Transaction pursuant to which it acquired all of the shares of KBW Musketeer, the indirect parent company of KBW, from Oskar Rakso. The acquisition was completed in order to achieve certain financial, operational and strategic benefits through the integration of KBW with our company, and, to a lesser extent, with Liberty Global's other broadband communications operations in Europe. The FCO conditioned its approval of the LG/KBW Transaction upon the agreement of our company and KBW with several conditions primarily concerning certain agreements and relationships our company and KBW have with housing associations and the encryption of digital free-to-air television services. For more information regarding these conditions, see "*Regulatory — LG/KBW Transaction Imposed Conditions*".

As part of the 2012 Reorganization that was effected through a series of mergers and consolidations, KBW Musketeer and its immediate subsidiary, Kabel BW, were merged into UPC Germany HC2 and UPC Germany HC2 was subsequently merged into KBW. As a result of these transactions, which were effective upon registration in March 2012, UPC Germany HC1 became the immediate parent company of KBW. In May 2012, the KBW Fold-in was completed which resulted in the immediate parent company of UPC Germany HC1, UPC Germany Holdings, becoming a direct subsidiary of Unitymedia Hessen. As part of our continuing internal reorganization following the LG/KBW Transaction and the subsequent KBW Fold- in, on August 24, 2012 Unitymedia Hessen sold its shares in UPC Germany Holdings to a newly formed subsidiary, UPC Germany NewCo GmbH. In addition, each of the following mergers was registered with the commercial register (*Handelregister*) between August 29 and August 31, 2012: (i) UPC Germany Holdings was merged into UPC Germany NewCo; (ii) UPC Germany HC1 was merged into KBW; and (iii) Kabel Baden-Württemberg Verwaltungs-GmbH was merged into KBW. On September 3, 2013, the merger of Hessen Verwaltungs-GmbH into Unitymedia NRW GmbH was registered with the commercial register. See "*Summary — Pro Forma Summary Corporate and Financing Structure*".

We are registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Cologne under number HRB 68501. Our principal business address is Aachener Strasse 746-750, 50933 Cologne, Germany.

Products and Services

We currently provide digital and analog cable television and radio services, including premium digital cable services, to customers in the three federal states of North Rhine-Westphalia, Hesse and Baden-Württemberg, Germany. In addition, in the upgraded portion of our network coverage area (which covers over 97% of our total network coverage area), we offer our customers access to triple-play services under the brands "Unitymedia" and "Kabel BW" consisting of digital cable video, broadband internet and fixed-line telephony. We also offer quadruple-play bundles that include certain mobile voice and data services. The upgraded portion of our network provides us with full bi-directional capability that enables us to provide premium digital cable services, broadband internet service at very high speeds and fixed-line telephony services. Through our partnership with Telefónica Germany GmbH & Co. OHG (Telefónica Germany) we offer our customers mobile voice and data services.

We generate revenue principally from relationships with our customers who pay subscription fees for the services provided. Subscription fees for basic cable video services are typically paid directly by single family homes (or single dwelling units) subscribing to the service or, in the case of multi-dwelling units (MDUs), we enter into a bulk contract with the owner or housing association of the multi-dwelling structure based on the number of units connected. Single family home customers also pay us directly for the subscription fees associated with our premium digital cable services, as well as the broadband internet, fixed-line telephony and mobile services they purchase from us. Generally, the owner of an MDU allows us to sell digital cable (including our premium digital cable services), broadband internet and fixed-line telephony services directly to individual tenants.

In addition, we are compensated by broadcasters, which typically pay carriage fees for the transmission and distribution of their free-to-air television and audio signals via our network. Public broadcasters Arbeitsgemeinschaft der Öffentlich-Rechtlichen Rundfunkanstalten der Bundesrepublik Deutschland (ARD) and Zweites Deutsches Fernsehen (ZDF), however, ceased to pay any feed-in fees as of January 1, 2013. We are currently prohibited from charging carriage fees to certain legally privileged radio and television channels operated by non-profit organizations, and any lowering of the carriage fees that we receive from other program providers, may adversely affect our business, financial condition and results of operations. For further information about our feed-in of content on our network and our claims against certain of these public broadcasters, see "— *Carriage Fees*" below, "— *Material Contracts — Other Significant Supply Agreements — Feed-in Agreements*" and "— *Legal Proceedings*".

Video Business

We market our video services under the integrated "Unitymedia" brand in our Unitymedia footprint and under the integrated "Kabel BW" brand in our KabelBW footprint, and offer a full range of video services that include basic, digital and premium television offerings. Our premium digital cable services include premium subscription channels, high definition (HD) channels, digital video recorder (DVR) functionality, HD receivers, our Horizon TV platform and access to video-on-demand (VoD). In some circumstances, a subscriber may use a common interface plus (CI+) module in combination with a smart card to access our encrypted digital services. A CI+ module is a small device that allows customers with a CI+ enabled television set, who subscribe to, or otherwise have access to, our digital premium video service, to view such services without a set-top box. No set-top box, CI+ module or smart card is, however, required to receive our basic digital services because our basic digital services are unencrypted across our footprint. Subscribers with the necessary equipment and who pay the monthly subscription fee for our analog package are also able to watch our basic digital television channels. Our network passes 12.7 million homes or approximately 75% of all households in North Rhine-Westphalia, Hesse and Baden-Württemberg.

There are 2.3 million RGUs that subscribe to our digital products and 4.3 million RGUs that subscribe to our basic video package of television channels. We continue to upgrade our systems to expand our digital service offerings and encourage our analog subscribers to convert to a digital service, so that customers have access to our premium digital cable services. As of September 30, 2014, the percentage of our overall video subscribers that subscribed to our digital products was 34.5%, compared to 33.4% as of September 30, 2013. As of September 30, 2014, 23.9% of our video base subscribed to premium digital cable services.

Basic and Digital Cable Services

Our basic digital cable product, "Digital TV BASIC," offers an entry level digital cable product. In the Unitymedia footprint, it offers over 85 digital channels, up to 40 analog channels, over 69 digital radio and up to 33 analog radio channels. This basic digital cable product also provides access to certain HD content from public broadcasters. In the Unitymedia footprint, nine HD channels are currently included, of which three are from public broadcasters. In the KabelBW footprint, this basic cable product offers over 85 digital channels (including nine HD channels, of which two are from public broadcasters), up to 38 analog channels, up to 114 digital radio channels and up to 36 analog radio channels. We regularly update our basic cable program offerings to reflect changes in viewer interest.

Premium Digital Cable Services

Our premium digital cable services include premium HD channel offerings, VoD, DVR functionality and premium programming channels that we assemble into packages. We offer an HD option that includes HD free-to-air content from commercial broadcasters and from public broadcasters. Our digital cable customers can subscribe to this HD option for an additional monthly fee if they have a suitable HD capable device. This HD

option currently includes 25 HD channels in both the Unitymedia and the KabelBW footprints (of which three and two channels are from public broadcasters, respectively). In September 2013, we also introduced our next generation set-top box platform, which we refer to as Horizon TV, in the Unitymedia footprint, offering an enhanced interactive TV experience for consumers, and in November 2014, launched Horizon TV in the KabelBW footprint. Horizon TV is an all-in-one set-top box with an integrated EuroDocsis 3.0 modem and a WiFi connection, providing an intuitive advanced user interface, access to premium TV and video-on-demand. For more information, see "— Horizon TV" below. The Horizon TV set-top box is available with and without DVR functionality. In the KabelBW footprint, our regular interactive HD DVR is still being offered. In addition, to further fuel the digital conversion, we offer a regular HD interactive set-top box without DVR functionality and a CI+ module, both including a smartcard, that allows those video households with an enabled HD television set to watch premium standard-definition (SD) or HD content. Customers can either purchase or rent these devices for an additional monthly fee or as part of a triple-play bundle at a discount and a one-time activation fee. Our Horizon TV, HD DVR and HD interactive receivers provide access to our extensive VoD offering that can be watched on a per-view basis. This includes over 11,000 titles of on-demand content in our Unitymedia footprint and over 4,500 titles in our KabelBW footprint.

We offer two premium content packages, which can be ordered individually or bundled at discounted rates within our triple-play offerings. Digital TV HIGHLIGHTS offers 17 film, series, documentary, children and music channels in both the Unitymedia and the KabelBW footprints. Digital TV ALLSTARS contains 55 channels in both the Unitymedia and the KabelBW footprints, including the channels offered in Digital TV HIGHLIGHTS. In addition, subscribers to Digital TV HIGHLIGHTS or Digital TV ALLSTARS can also upgrade to premium HD packages for an additional monthly fee, bringing the number of HD channels for Digital TV HIGHLIGHTS subscribers to 38 in both the Unitymedia and the KabelBW footprints. For Digital TV ALLSTARS subscribers, this brings the total number of HD channels to 50 channels in the Unitymedia and KabelBW footprints, respectively. Our video customers may also subscribe to premium SD and HD content offered by Sky Deutschland AG (Sky Deutschland) for an incremental subscription fee through a smart card on our network. These customers can access the premium content of Sky Deutschland via attractive bundles in combination with our Digital TV HIGLIGHTS and ALLSTARS packages. In total, we currently offer 67 HD channels in the Unitymedia footprint and 68 HD channels in the KabelBW footprint (including 21 Sky Deutschland HD channels in our Unitymedia footprint and 22 Sky Deutschland HD channels in our KabelBW footprint, respectively), in each case including free-to-air and premium channels by public and commercial broadcasters. For more details regarding our arrangement with Sky Deutschland, see "— *Material Contracts — Other Significant Supply Agreements — Sky Deutschland*."

We also offer digital foreign language packages under the name "Digital TV INTERNATIONAL" in both the Unitymedia footprint and the KabelBW footprint. Digital TV INTERNATIONAL consists of our individual foreign language programming packages in Arabic, Bosnian, Croatian, English, French, Greek, Italian, Polish, Portuguese/Spanish, Russian, Serbian and Turkish. In the Unitymedia footprint we offer a Japanese package as well, whereas an Albanian package is offered in our KabelBW footprint.

Horizon TV. We introduced our next generation set top box platform, Horizon TV, in September 2013 in our Unitymedia footprint and in November 2014 in our KabelBW footprint. Horizon TV is a home multimedia platform with a sophisticated user interface that enables customers to view and share content across the television, computer, tablet and smartphone. Horizon TV is powered by a user interface that provides customers a seamless intuitive way to access linear, time shifted, on demand and web based content on the television. It also features an advanced set-top box that delivers not only video, but also internet and voice connections along with a wireless network for the home. For our Horizon TV customers, we also offer applications for various online services (such as YouTube, Facebook and others). The Horizon TV platform includes an online television application (Horizon Go) that offers over 100 linear video channels, of which 13 channels are also available out-of-home, and access to video-on-demand.

Our Customers. We divide our basic cable subscribers into two specific market segments: residential subscribers in single-dwelling units (SDUs) and subscribers in MDUs. Each market segment is targeted with tailored marketing, sales and advertising techniques.

In the SDU market segment, residential subscribers typically enter into standard form contracts with us. We have a direct customer relationship with our residential subscribers and deliver targeted marketing directly to this market segment.

In the MDU market segment, video subscription fees are paid by housing or condominium associations, administrators, landlords and other third parties that own or manage the MDUs and third parties (Professional Operators) that operate and administer the in-building network on behalf of housing associations. Nearly two-thirds of our video RGUs are with MDUs. We either enter into a signal delivery agreement with a housing

association or landlord under which we supply our signal to the connection point or a bulk agreement that allows for exclusive provision of video, broadband internet and fixed-line telephony services directly to end customers. In addition, we may also maintain and operate the network required to deliver the signal into the tenant's home where we have entered into modernization agreements with housing or condominium associations, administrators, landlords and others under which we modernize the relevant in-house networks and receive a building cost allowance (*Baukostenzuschuss*) in some instances. In return, we have the right to use the respective in-house network and to serve the respective households with broadband cable services. We typically invoice the housing association for our fees relating to basic cable services and offer our premium digital cable, broadband internet and fixed-line telephony services directly to the tenants. Thus, we create a relationship with such subscribers for all our advanced services beyond the basic cable services, unless we are prohibited from doing so by the housing association. In order to provide these advanced services to tenants who request them, we typically add a drop to connect our distribution network to the building and upgrade the in-home wiring, on an as-needed or success-based basis.

Within our MDU base, we also offer our services to Professional Operators, also sometimes referred to as "level 4 operators." Professional Operators procure basic television signals from other providers or us and generally resell them to housing associations. Professional Operators generally enjoy volume-based discounts built into our standard rate card, which create incentives for these operators to cluster their subscribers behind individual connection points. Historically, our agreements with Professional Operators have included additional volume-based rate discounts to our standard rate card. Operator-specific discounts, when combined with volume-based discounts built into the standard rate card, have traditionally resulted in a substantially lower average revenue per unit within this customer segment. However, our costs associated with these customers are also lower for a variety of reasons, particularly because we are not responsible for certain activities such as customer care, which the Professional Operators provide.

Although the majority of our service agreements with housing associations have multi-year terms, in connection with the LG/KBW Transaction, we agreed to grant early termination rights on certain agreements that we have with the largest housing associations and which had a remaining term of more than three years as of December 15, 2011. For additional information concerning the commitments we made to regulators in connection with the LG/KBW Transaction, see "*Regulatory — LG/KBW Transaction Imposed Conditions*" below.

Cable Service and Subscription Fees. Subscribers in SDUs to either our analog or basic digital access products are charged a monthly subscription fee. The pricing under certain multi-user contracts is based on standard rate card or on individual rates with discount reduction for lump sum contracts. Subscription fees for our basic analog cable television services for customers with MDUs are based on our standard rate card. The rate card is based on the number of dwelling units connected to each connection point to the end-customers' premises. In order to upgrade to any of our premium digital cable services, tenants in MDUs have the option to enter into a direct contract with us and pay an additional monthly fee for such services. Any such fee is in addition to the basic analog cable fee that the landlord pays to us and that is passed on to the tenant as part of the monthly utility bill.

In addition to the monthly subscription fees, subscribers generally pay an activation fee upon connecting or re-connecting to our network. This activation fee is sometimes waived for larger MDU customers, for example when a subscriber is reconnecting to our network, when a customer moves into a previously connected household or as part of periodic marketing promotions. We also charge one-time activation fees for premium boxes, such as our HD DVR and Horizon boxes.

Broadband Internet

We provide broadband internet services on a retail and a wholesale basis to 2.8 million RGUs. We have expanded the availability of our ultra high-speed broadband internet services through the deployment of EuroDOCSIS 3.0 (an international standard that defines requirements for a data transmission over a cable system) capable equipment to 97% of our homes passed.

We market our broadband internet services through a product portfolio under the brand name "Unitymedia" in the Unitymedia footprint and under the brand name "Kabel BW" in the KabelBW footprint, with particular focus on our bundled double-play and triple-play offerings. We currently provide broadband internet services to our customers at a download speed of up to 200 Mbps without any time or data volume restrictions. Customers can choose between different packages, each of which includes our broadband internet access. Our current core products in both footprints offer a download speed of 100 Mbps. We offer broadband internet services on a standalone basis, as a double-play option that bundles our broadband internet services with

fixed-line telephony access with a flat rate to national landlines, and as a triple-play option that bundles our broadband internet services with fixed-line telephony access with flat rate national landline and certain digital cable products, including certain premium subscriptions. We provide wholesale internet access services in the Unitymedia footprint through "Multimedia Anschluss" (MMA). Our MMA offer is a service tailored for housing associations to purchase our broadband internet services (at download speeds up to 1 Mbps) on a bulk basis in addition to our video offering and enable their properties with plug-and-play internet access as well as certain digital TV services in certain cases. Tenants in MMA-equipped apartments have the opportunity to upgrade to our high-speed broadband and flat rate telephony services, as well as premium digital cable services.

Subscribers to any of our internet/telephony packages use our cable modems free of charge (except MMA customers, who pay a one-time modem fee for a service tailored for housing associations). For households located in the upgraded portion of our network who do not subscribe to our cable video services, we also market and sell broadband internet and/or telephony services separately from our video products. In addition to monthly subscription fees, subscribers pay an activation fee upon subscribing to one of these products. In certain cases, these one-time charges are waived for promotional reasons. Currently, we also offer certain promotional campaigns for new subscribers to our bundled broadband offerings, granting certain free months of service and a reduced subscription fee during the first 12 months of a two-year minimum contract. We may prolong or extend these promotional services.

We also offer additional services included with our broadband internet bundled packages, including an internet security package consisting of anti-virus, anti-spyware, firewall, spam protection and a child-proof lock, and other value-added services, such as online storage and web space. We charge the customer a monthly fee for each of these add-on services after a free trial period.

Telephony

We provide our fixed-line telephony services to 2.7 million RGUs. In line with our broadband internet portfolio, we offer telephony services via voice-over-internet-protocol (VoIP) technology on a standalone basis and bundled with broadband internet services as part of our double play and triple play product portfolios. The fixed-line telephony products offered as part of these packages include a flat rate connection for unlimited calls to landlines in Germany. Telephony subscribers can also add additional options to existing telephony contracts under which customers, for a fee, can benefit from significant savings on their fixed-to-mobile calls or have unlimited calls in certain international destinations. We offer international flat rates that allow subscribers to make landline calls without any time restrictions. "Europa Flat Plus" offers landline calls without any time restrictions to 25 countries for a monthly subscription fee, whereas our "International Flat Plus" option includes calls to 75 international destinations, including the countries in the "International Flat Plus" option. We further provide an incremental option for our telephony subscribers, which includes a premium router with additional functionalities such as "ISDN" compatibility, voicemail and a second or third line for an additional monthly fee and a one-time activation fee.

Our fixed-line telephony services use VoIP as the method of transporting voice over our cable network. Analog voice information is digitally encoded and converted into packets, and then sent to their destinations via our own telephony switches. We pay interconnection fees to other internet and telephony providers when our subscribers connect with another network and receive similar fees from providers when their users connect with our network through interconnection points.

Carriage Fees

We charge television broadcasters carriage fees for delivering their free- to-air television channels (as opposed to channels marketed in premium subscription packages) over our network. We have entered into feed-in agreements with certain large commercial broadcasters pursuant to which they pay us fees for the distribution of digital and analog signals. In general, carriage fees are charged on a monthly basis, depending on the number of video subscribers. We also carry the HD free-to-air channels from the commercial broadcaster groups on our network as well as certain premium HD content from national and international commercial broadcasters. Our digital cable customers that have a suitable Horizon, HD DVR, HD set-top box or CI+ module can watch the respective content in HD when subscribing to any of the premium HD packages. We invoice the carriage fees directly to all broadcasters. Certain of the incremental fees for our free-to-air HD content as part of our HD option received from our subscribers are shared with the commercial broadcasters. Prior to January 1, 2013, we maintained feed-in arrangements with the German public broadcasters, ARD and ZDF. During 2012, ARD and ZDF sent us notices purporting to terminate the feed-in agreements at the end of 2012 and have ceased to pay any feed-in fees as of January 1, 2013. Our total carriage fee revenue is subject to these purportedly

terminated contracts and to contracts with broadcasters that expire or are otherwise terminable by either party at various dates ranging from 2014 through 2018. The aggregate amount of revenue related to our carriage contracts represents approximately 5% of our total revenue during the three months ended September 30, 2014. We have rejected the termination notices from ARD and ZDF and filed lawsuits for payment of carriage fees against these public broadcasters. In addition, we also filed lawsuits against ZDF and six of ARD's local public broadcasters arguing that we are not obligated to distribute must-carry channels without receiving adequate compensation for the required cable capacity, see "*— Legal Proceedings*". Our ability to increase the aggregate carriage fees that we receive for each channel is limited through 2016 by certain commitments we made, or could be required to make in the future, to regulators in connection with the LG/KBW Transaction. See "*Regulatory — LG/KBW Transaction Imposed Conditions*". For more information regarding our feed-in agreements, see "*— Material Contracts — Other Significant Supply Agreements — Feed-in Agreements*".

Business Services

Beginning in early 2011, we started offering broadband internet and telephony services for B2B customers, targeting the SOHO and, to a lesser extent, medium-sized business segments in the market with a streamlined portfolio in both footprints. These products are similar to our residential offerings and offer a core bundle with a download speed of 100 Mbps. Our product offerings to B2B customers are characterized by additional features, such as static IP addresses, higher upload speeds, more extensive customer service and a premium pricing structure. In addition, in certain cases we offer individual B2B solutions via direct fiber with ultra-high broadband speeds of up to 10 Gbps. We also offer mobile data and voice services for B2B customers, as well as a business TV product.

Mobile

We launched mobile telephony services in our KabelBW footprint in November 2010 and in our Unitymedia footprint in December 2011. In each footprint, the mobile service is provided over the wireless network of mobile phone operator Telefónica Germany. Mobile services are presently offered in both our footprints as an option to our customers who subscribe to a double-play or triple-play bundle. These services are also offered, to a lesser extent, on a standalone basis to customers that live in our network footprint. Each household in our footprint can order up to five SIM cards.

Calls placed by our mobile phone subscribers into our fixed and mobile network are free-of-charge. Out-of-network calls are billed according to different tariff plans, which include a per minute or monthly charge for certain unlimited calls and, in certain subscription packages, include limited (or capped) mobile internet surfing with a smart phone and/or flat-rate voice calls to all German mobile and fixed networks. To those customers that also subscribe to certain fixed-line bundles, we offer a discount on the mobile subscription plan versus the standalone price. We also typically charge a one-time activation fee to our customers for each SIM card. Our mobile phone offerings have been introduced as part of our strategy to offer our customers a full product portfolio from a single source, with the aim to increase customer loyalty and satisfaction and reduce churn.

Operations

Marketing and Sales

We market and sell our products to customers using a broad range of sales channels, including our own retail stores, third-party retailers and partner shops, web sales, inbound and outbound telemarketing and direct sales as well as informal "customer-gets-customer" promotions. The manner in which we target customers depends on the customer segment. We believe consumer awareness underpins our sales to direct subscribers.

We have a team of dedicated in-house sales support managers who work exclusively with our key account customers. These include housing associations, housing administrations, real estate investors and wholesale partners and carriers, who have more than 300 units under contract. This in-house sales staff develops and cultivates close working relationships with our key account customers and works with residential sales teams to generate customer sales leads and increase retention of existing customers. In addition, this in-house sales staff develops and maintains contact with local authorities and construction companies to ensure that new buildings will be connected to our cable network in North Rhine-Westphalia, Hesse and Baden Württemberg.

We promote our products and services to landlords and residential customers through direct marketing by direct sales agents working with small and medium enterprises (typically, MDUs with less than 300 units) (SME) and field sales agents working to sell our products and services to residential customers. The field sales

agents are responsible for sales of our basic cable video service, digital and premium digital cable offerings, broadband internet and telephony services, and also manage disconnections of services. Our direct sales agents are independent contractors who work on commission. In addition, we have over 250 exclusive stores and partner shops in various cities in our footprints, including rural areas. We further target residential customers through partnerships with retail outlets, such as multi-media retailers, electronics and telecommunications stores. We also have cooperation arrangements in place with certain mega-retailers.

Customer Service

The customer service function is responsible for all customer care activities, including handling customer queries and complaints. In addition, customer service also provides inbound telemarketing and sales support functions for the residential and SME segments. We operate dedicated customer service centers in Bochum, Heidelberg, Kerpen and Villingen-Schwenningen with over 600 full time equivalent customer service agents, supplemented by outsourced call-center capacity of over 2,000 full-time equivalents. Our customer service agents are skilled in multiple areas, including marketing campaigns, customer care and sales for a variety of products as well as technical service. Our customer service organization is structured as a process-oriented organization with special teams for the various processes, such as order entry, number porting and complaint management.

Our Network

Our network passes 12.7 million homes, or 75% of the households, in the German federal states of North Rhine-Westphalia, Hesse and Baden-Württemberg. Our network utilizes the hybrid fiber coaxial cable and consists of approximately 214,700 kilometers of coaxial cable and approximately 6,100 kilometers of fiber cable. Average annual network availability of our network and product platforms is high, at around above 99.9% in both 2012 and 2013. In April 2014 we completed the integration of the KabelBW information technology platform that was still operating separately from the Unitymedia platform. During the integration we faced certain temporary network availability issues. Accordingly, while we are not able to track our performance precisely due to related reporting system issues, we estimate that our average network availability during 2014 was below our historical averages during 2012 and 2013 of approximately over 99.9%. These technical issues have been resolved and our average network availability since May 2014 was approximately 99.7%.

The original infrastructure, which was a single direction broadcast network, was based on the homogeneous topology developed by the predecessor Deutsche Telekom AG (Deutsche Telekom) and its predecessor's companies. Of our homes passed, 97% are served by a two-way upgraded network with full bi-directional capability, based on EuroDOCSIS 3.0 technology, over an 862 MHz band. This enables us to provide advanced bi-directional cable services such as broadband internet at very high speeds, telephony and VoD, and the distribution of digital and analog signals, including HD channels.

Deutsche Telekom and its predecessors originally constructed both our cable television network and Deutsche Telekom's current fixed-line telephony network. Certain parts of the infrastructure (including cable ducts, towers, fiber optic transmission systems, and equipment locations) are shared by both the Deutsche Telekom telephony network and our cable television network. We lease these assets from Deutsche Telekom. In general, the network is comprised of fiber and coaxial cable that is either buried in the ground (86%) or housed in cable ducts (14%). The ducts are typically owned by Deutsche Telekom, and we lease duct space for our network from Deutsche Telekom under long-term contracts. The distribution plant is powered by approximately 112,000 amplifiers. With the exception of the ducts, we operate all of the distribution plant and associated electronics. We purchase the electrical power required to operate the master headend, regular headends, hubs and amplifiers through Deutsche Telekom, Vattenfall Europe AG (Vattenfall) and MVV Energie AG. Purchasing the power from Deutsche Telekom is necessary because, in many cases, the same power source supplies Deutsche Telekom's telephone plant and our cable plant. For a description of our agreements with Deutsche Telekom, see "— *Material Contracts — Material Supply Contracts — Unitymedia's Agreements with Deutsche Telekom*" and "— *Material Contracts — Material Supply Contracts — The Kabel BW Group's Agreements with Deutsche Telekom*".

Intellectual Property

The German Act on Copyright and Related Rights (*Gesetz über Urheberrecht und verwandte Schutzrechte*) generally requires that the operators of cable networks pay royalties for the retransmission of certain radio and television programs. Claims for these royalties can be asserted exclusively by the German copyright collecting societies (*Verwertungsgesellschaften*) and not by the authors of such protected intellectual

property themselves. Broadcasters have the choice, however, to assert their rights individually or via a copyright collecting society. The *Gesellschaft für musikalische Aufführungs- und mechanische Vervielfältigungsrechte* (GEMA), one of the German copyright collecting societies, has been mandated by most of the relevant German copyright collecting societies to collect these royalties from the cable network operators. In addition, VG Media GmbH (VG Media) was mandated by some German commercial broadcasters to assert their royalty claims based on their cable retransmission rights. The amount of the royalties due is not provided for under the German Act on Copyright and Related Rights, and GEMA and VG Media have in the past each asserted royalty amounts that we disputed.

We have agreements with GEMA (and other collecting societies and public broadcasters) and VG Media regarding the payment of royalties for retransmission of television and radio programs. We entered into the agreement with GEMA in April 2009, and such agreement has a year-to-year term, subject to termination by either party at the end of such year. Under the agreement, we pay GEMA an annual fee equal to 3.3% of our basic cable service revenue (as defined in the agreement with GEMA and generally includes the revenue we generate from the delivery of free-to-air TV programs to video subscribers, but excludes revenue we receive for premium or advanced services, or activation or equipment fees), subject to certain minimum commitments. Our agreements with VG Media and Mediengruppe RTL Deutschland (RTL) require us to pay an annual fee equal to 1.0% in the aggregate (0.64% for VG Media and 0.36% for RTL) of our basic cable service revenue (as defined in the agreements with VG Media and RTL and similar to the definition in the GEMA agreement), subject to minimum annual commitments. The VG Media agreement and the RTL agreement expire in 2015.

In addition, GEMA may demand fees under the German Act on Copyright and Related Rights regarding the distribution of our premium subscription service. In December 2009, GEMA brought a claim against us in the Munich arbitration court of the German Office for Patents and Trademarks for an indeterminate amount of fees relating to the distribution of our premium channels. At this time, we are unable to predict the outcome of this litigation or estimate our potential liability. Under nearly all of our current agreements with our suppliers of premium channels, we are indemnified for any payments we make to GEMA with respect to such distribution.

We also pay a license fee to the applicable content providers for the premium channels we distribute. The license fee is generally paid based on the number of subscribers to whom we make such programming available.

Legal Proceedings

From time to time, we may become involved in legal proceedings arising out of our operations in the normal course of business. We believe the ultimate resolution of any of these existing contingencies would not likely have a material adverse effect on our business, results of operations or financial condition. The outcome of legal proceedings, however, can be extremely difficult to predict with certainty, and we can offer no assurances in this regard.

Appeal of the Dusseldorf Court of Appeal's ruling in relation to the FCO's approval of LG/KBW Transaction. In January 2012, two of our competitors (collectively, the "**Appellants**"), including the incumbent telecommunications operator, each filed an appeal (collectively, the "**Appeals**"), against the FCO regarding its decision to approve the LG/KBW Transaction. On August 14, 2013, the Düsseldorf Court of Appeal issued a ruling that set aside the FCO's clearance decision. Although the Düsseldorf Court of Appeal did not grant the right to appeal against its ruling to the German Federal Court of Justice, on September 16, 2013, we filed a formal request to appeal to the German Federal Court of Justice seeking permission to appeal the Düsseldorf Court of Appeal's decision and our reasoned submission was filed on December 16, 2013. During the first quarter of 2014, interested third parties commented on our submission. The Düsseldorf Court of Appeal's ruling is not legally binding until all appeals have been rejected.

During the fourth quarter of 2014 we and Liberty Global reached settlements with the Appellants in their pending complaints against the FCO regarding its decision to approve the LG/KBW Transaction. The Appellants have withdrawn their appeals to the FCO clearance decision, and on January 21, 2015, the FCO consented to the withdrawal. Once the Federal Court of Justice terminates the proceedings, which is expected to occur during the first quarter of 2015, the FCO's clearance decision with respect to Liberty Global's acquisition of KBW will become final and binding without any additional review or conditions.

Deutsche Telekom Litigation. On December 28, 2012, we filed a lawsuit against Telekom Deutschland GmbH, an operating subsidiary of Deutsche Telekom, in which we assert that we pay excessive prices for the co-use of Deutsche Telekom's cable ducts in our footprint (as further described under "*— Material Contracts — Material Supply Contracts*" below). The Federal Network Agency approved rates for the co-use of certain comparable ducts of Telekom Deutschland GmbH in March 2011. Based on the cost calculation underlying the determination of these approved rates, we are seeking a reduction of the annual lease fee

(approximately €76 million for 2012) by approximately two-thirds and the return of similarly calculated overpayments from 2009 through the ultimate settlement date, plus accrued interest. The resolution of this matter may take several years and no assurance can be given that our claims will be successful. The litigation is ongoing and its outcome cannot be predicted at this stage. In a similar proceeding, claims made by Kabel Deutschland were recently rejected as unfounded in first and second instance decisions, which Kabel Deutschland appealed at the Federal Court of Justice.

DVR Set-Top Boxes. Pursuant to agreements we have with the suppliers of our DVR set-top boxes, we are responsible for the payment of the copyright fees for such set-top boxes owed under German copyright law to a co-operation of collecting societies called ZPÜ. The tariffs applicable are subject to ongoing litigation between an association of set- top box manufacturers and ZPÜ. We are unable to predict the outcome of this litigation or estimate our potential liability. Given the increasing number of set-top boxes we deploy with DVR functionality, there is a risk that we may have to pay a considerably higher amount of these copyright fees than the amount accrued.

Statement of Claim against ARD and ZDF. On December 18, 2012, we filed lawsuits against ARD and ZDF in which we argue that the termination notices provided by ARD (consisting of several public broadcasters) and ZDF in relation to our feed-in contracts are void on the basis that they formed an illegal cartel when agreeing their cable strategy (which included the termination of our feed-in agreements) under Section 1 of the German Act Against Restraints of Competition and Article 101 of the Treaty of the Functioning of the European Union at the Regional Courts in Cologne and Mannheim. On December 13, 2013 the Regional Court of Mannheim rejected our claim and we appealed this decision to the Higher Regional Court of Stuttgart. Similarly, on November 12, 2014 the Regional Court of Cologne rejected our parallel claim and we also aim to appeal this decision. In addition, we also filed lawsuits against ZDF and six of ARD's local public broadcasters in the administrative courts challenging their position that their must carry status would require us to distribute their channels without receiving any compensation for the required cable capacity. We can give no assurance that our causes of action will be successful or that any of our feed-in agreements with ARD, ZDF, or any other broadcaster, will be renewed or extended on financially equivalent terms, or at all. In a similar proceeding, claims made by Kabel Deutschland were recently rejected as unfounded in first instance decisions and also certain second instance rulings. A ruling of the Federal High Court on Kabel Deutschland's appeals can be expected in 2015 at the earliest.

Material Contracts

The agreements described below are of material importance to us or one of our operating subsidiaries as of September 30, 2014. Agreements entered into in the ordinary course of business are not described. For a description of our material financing agreements, see "*Description of Other Indebtedness*." The summary of each agreement set forth below is a summary of the material terms of such agreement as in effect as of the date of these Listing Particulars.

Material Supply Contracts

Unitymedia's Agreements with Deutsche Telekom. The various services offered by Deutsche Telekom are defined under so-called "Term Sheets" that are based on two master service agreements (MSAs), one with our subsidiary Unitymedia Hessen and one with our subsidiary Unitymedia NRW. The Term Sheets govern the co-use of cable ducts, the use of cable protection tubes, the offer of co-use of further cable ducts, the use of fiber optic transmission systems, the lease of space for broadband cable technology and the purchase of energy for broadband equipment. Except for the Term Sheets on the offer for co-use of further cable ducts, which have already expired, the terms of the Term Sheets are generally indefinite, but the Term Sheets are subject to certain termination rights and, according to German law, lease agreements are subject to a mandatory statutory termination right of either party after a term of 30 years. Furthermore, under the MSAs and most of the Term Sheets Deutsche Telekom is generally not entitled to terminate the services provided under the Term Sheets on co-use of cable ducts (not including the offer of co-use of further cable ducts), cable protection tubes, fiber optic transmission systems or lease of space for broadband cable technology. There are limited exceptions related to situations in which Deutsche Telekom discontinues the use of assets previously used for the provision of the respective services, intends to transfer the assets to a third party or intends to abandon leased space in its function as space used for technical purposes.

The charges for the individual services are set out in the Term Sheets. The MSAs include price adjustment clauses related to a change of Deutsche Telekom's costs. Under the MSA with Unitymedia NRW, price increases may not exceed the increase of the German cost of living index and a decrease may not fall below the

prices as of October 1, 2002 set out in the individual Term Sheets. From time-to-time we have disputes with Deutsche Telekom as to the charges, quality and accessibility of leased surfaces under the Term Sheets, and on December 28, 2012, we filed a lawsuit against Telekom Deutschland GmbH, an operating subsidiary of Deutsche Telekom, in which we assert that we pay excessive prices for the co-use of Deutsche Telekom's cable ducts in our footprint compared to the regulated prices. For additional information on this lawsuit, see "*— Legal Proceedings*." We have also entered into various other license, rental and operating lease agreements with Deutsche Telekom, all of which are expensed as services are provided. In accordance with EU-IFRS, we treat these leases as operating rather than finance leases.

The Kabel BW Group's Agreements with Deutsche Telekom. In July 2003, Kabel BW entered into a framework service agreement with Deutsche Telekom and certain of its affiliates for the lease of cable duct space for a portion of Kabel BW's cable network as well as for fiber optic transmission capacity, tower and facility space and for other services. In addition, Kabel BW purchases a portion of the electricity required for the operation of its network through Deutsche Telekom under such agreement. The various services and assets provided by Deutsche Telekom are specified under so called "Term Sheets" that are part of the framework service agreement. The framework service agreement is a long-term contractual arrangement and has strict guidelines regarding Deutsche Telekom's ability to modify prices. The assets that are shared between Kabel BW's network and that of Deutsche Telekom include underground cable ducts used to house Deutsche Telekom's phone network and our cable television network, facilities which house Deutsche Telekom's phone switches and our cable television headends, fiber optic systems used to transmit both phone and cable television signals and electricity supplied to shared facilities. The term of the framework service agreement is unlimited, and Deutsche Telekom is generally not entitled to terminate the services provided under the Term Sheets on co-use of cable ducts (not including the offer of co-use of further cable ducts), cable protection tubes, fiber optic transmission systems or lease of space for broadband cable technology, except under certain circumstances. Deutsche Telekom may terminate the other services according to the applicable Term Sheets under certain circumstances. For example, if Deutsche Telekom decides to discontinue using cable ducts carrying Kabel BW's cables without replacing the ducts, it may terminate Kabel BW's rights to use such facilities. In addition, according to German law, lease agreements are subject to an ordinary termination right of either party after a term of 30 years. From time-to-time we have disputes with Deutsche Telekom as to the charges, quality and accessibility of leased surfaces under the Term Sheets, and on December 28, 2012, we filed a lawsuit against Telekom Deutschland GmbH, an operating subsidiary of Deutsche Telekom, in which we assert that we pay excessive prices for the co-use of Deutsche Telekom's cable ducts in our footprint compared to the regulated prices. For additional information on this lawsuit, see "*— Legal Proceedings*."

Furthermore, Kabel BW entered into an agreement with Deutsche Telekom for the lease of 862 MHz broadband cable systems in June 2008 and several amendment agreements thereto. The agreements have a term until June 2018 and may be terminated by Deutsche Telekom only for good cause (*wichtiger Grund*).

For additional information on the potential risks associated with our agreements with Deutsche Telekom, see "*Risk Factors — Risks Relating to Our Industry and Our Business — We rely on Deutsche Telekom and certain of its affiliates for access to and the operation of a significant part of our network*".

Other Significant Supply Agreements

Sky Deutschland. On April 10, 2012, we entered into a new agreement with Sky Deutschland concerning the feed-in and marketing of Sky Deutschland's services, including its premium packages, VoD and pay-per-view services ("Sky Anytime"). This new distribution agreement replaced the previous agreements our company had with Sky Deutschland. The agreement has a term until December 31, 2015. We agreed to market Sky Deutschland's packages on a standalone basis or in bundled offers together with our services, based on a shared customer relationship. We have also agreed that we can market Sky Deutschland's premium packages such as the *Bundesliga* (German premier soccer league) in a bundle with our pay-TV packages. We and Sky Deutschland have agreed that each party will maintain a direct contractual relationship with new customers receiving Sky Deutschland's programming in combination with our services. We are responsible for customer service, billing and collections for all triple-play and related services and cover bad debt risk. Sky Deutschland must assign all claims against "bad payers" to us. As compensation for our services rendered to Sky Deutschland (including feed-in and distribution), we receive both fixed service fees per subscriber and a share of the revenue Sky Deutschland receives from the customers. In September 2012, we started to bundle Sky Deutschland's premium content with our own pay-TV packages and actively offer those bundles to existing and new subscribers in our Unitymedia footprint.

Feed-in Agreements. We have entered into numerous feed-in agreements with public and commercial broadcasters for the analog and/or digital nonpay and pay carriage of their signals. The most important feed-in

agreements are with RTL and ProSiebenSAT.1 Media AG (ProSiebenSat.1), and, prior to December 31, 2012, the public broadcasters ARD and ZDF. During 2012, ARD and ZDF sent us notices purporting to terminate the feed-in agreements at the end of 2012 and have ceased to pay any feed-in fees as of January 1, 2013. For more information about a claim we filed against ARD and ZDF, see "— *Legal Proceedings*". The feed-in agreements with the commercial broadcasters have terms ranging from 2014 through 2018 and include distribution of HD channels and, to a certain extent, cooperation arrangements with respect to premium channels and VoD services. The aggregate amount of revenue related to our carriage contracts represents approximately 5% of our total revenue during the three months ended September 30, 2014 (excluding revenue from our feed-in agreements with ARD and ZDF as we no longer recognize revenue from these contracts, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations of Unitymedia KabelBW — Revenue*"). We have rejected the termination notices and filed lawsuits for payment of carriage fees against these public broadcasters. In addition, we also filed lawsuits against ZDF and six of ARD's local public broadcasters arguing that we are not obligated to distribute must-carry channels without receiving adequate compensation for the required cable capacity. The aggregate amount of revenue related to ARD and ZDF was €6.0 million or 1% of our total revenue during the three months ended December 31, 2012. In light of the foregoing, no assurance can be given that any of our carriage fee contracts will be renewed or extended on financially equivalent terms, or at all. Also, our ability to increase the aggregate carriage fees that we receive for each channel is limited through 2016 by certain commitments we made, or could be required to make in the future, to regulators in connection with the LG/KBW Transaction. See "*Regulatory — LG/KBW Transaction Imposed Conditions*". Any lowering of the carriage fees that we receive from program providers, or change in the distribution model, may adversely affect our business, financial condition and results of operations.

Bulk Agreements. Nearly two-thirds of our basic cable video RGUs reside in MDUs that are subject to bulk agreements with landlords, housing associations or with Professional Operators, and the top 20 bulk agreements accounted for approximately 7% of our total revenue (including estimated amounts billed directly by our company to the building occupants for premium digital cable, broadband internet and telephony services) during the three months ended September 30, 2014. For these customers, our contractual relationship is with a landlord, local housing association or Professional Operator, many of which own or represent multiple buildings that house a large number of customers. In some cases, the bulk agreements allow us to sell digital video (including our premium digital cable services), broadband internet and telephony services directly to individual tenants. Our bulk agreements are, to a significant extent, medium- and long-term contracts. As of September 30, 2014, bulk agreements covering approximately 35% of the video subscribers that we serve through these agreements expire by the end of 2015 or are terminable on 30-days notice. In addition, in connection with the LG/KBW Transaction, we agreed to grant early termination rights on certain agreements that our company has with the largest housing associations and which have a remaining term of more than three years. For additional information concerning the commitments our company made to regulators in connection with the LG/KBW Transaction, see "*Regulatory — LG/KBW Transaction Imposed Conditions*." In addition, housing associations may terminate such agreements prematurely if, for example, the agreements are deemed to violate antitrust laws or laws governing general terms and conditions. There can be no assurance that we will be able to retain any of these customers or renew the contracts on commercially favorable terms, if at all.

Intercompany Agreements with Liberty Global

We have various related-party transactions with certain of our and Liberty Global's affiliates and with other Liberty Global subsidiaries, including UPC Holding. These related-party transactions are reflected in operating expenses, allocated stock-based compensation expense, fees and allocations, interest expense, interest income and other income (expense), net in the Unitymedia KabelBW Consolidated Financial Statements. For additional information, see "*Certain Relationships and Related-Party Transactions of Unitymedia KabelBW*" and note 9 to the Unitymedia KabelBW September 30, 2014 Condensed Consolidated Financial Statements.

Third-Party Copyrights

We have certain agreements with GEMA and VG Media and RTL regarding the payment of royalties for the retransmission of television and radio programs protected under the German Act on Copyright and Related Rights. For a description of these arrangements, see "— *Intellectual Property*."

Call Centers and Customer Services

On December 31, 2012, we transferred our Marburg customer service center to an external service provider as part of the outsourcing of our call center capacity. In conjunction with the transfer, we entered into

long-term agreements with this external service provider to provide certain of our call center and customer service capacity. In 2013, we concluded additional medium-term customer care service agreements with external providers. To a certain extent, we will rely on these services with respect to customer care and call center services.

Real Property

We lease the facilities necessary for the operation of our business, including office space, technical support and engineering space, customer service space, network center space and other property necessary for our operations. We believe that our facilities meet our present needs and that our properties are generally well maintained and suitable for their intended use. We believe that we generally have sufficient space to satisfy the demand for our products in the foreseeable future, but we keep flexibility to move certain operations to alternative premises.

Employees

As of September 30, 2014, Unitymedia KabelBW, including its consolidated subsidiaries, had an aggregate of approximately 2,450 full time equivalent employees. We also use contract and temporary employees, which are not included in this number, for various projects. We believe that our relations with employees, works councils and unions are good.

INDUSTRY OVERVIEW

The information presented in this section has been derived from several sources, as there is no single industry report or other source that covers all of the areas in which we conduct operations. We have derived information from third-party sources. See "*Presentation of Financial and Other Information — Third-Party Information*" for more information.

Our Footprint

Our network coverage comprises the three federal states of North Rhine-Westphalia, Hesse and Baden-Württemberg. As of December 31, 2013, the three federal states had a population and combined number of households of 34.2 million and 16.5 million, respectively, and, together, would constitute the 5th largest economy in the EU as measured by 2013 GDP (Eurostat). As of September 30, 2014, we passed 12.7 million or 32% based on approximately 39.9 million homes in Germany. North Rhine-Westphalia, Hesse and Baden-Württemberg are home to sixteen of the twenty-five largest cities in Germany including Cologne, Dortmund, Dusseldorf, Essen, Frankfurt, Karlsruhe, Mannheim and Stuttgart. These federal states are amongst the most prosperous regions in Germany, characterized by comparatively high GDP per capita and population density. (Sources: Federal Statistical Office of Germany). As of December 31, 2013, the three federal states represented over 45% of the total German GDP with one of the highest population densities with 376 inhabitants per square-kilometer, compared to the German average of 226. High population density reduces the overall cost associated with the deployment, operation and maintenance of cable infrastructure and allows for more efficient marketing. Cable operators that operate in urban areas with high population density benefit from easier access to customers and more cost effective network upgrades and maintenance. Higher disposable income translates into relatively higher spending on media and communications services. (Source: Federal Statistical Office of Germany).

Industry Convergence

The markets for video, broadband internet and telephony services are highly competitive and rapidly evolving. Specifically, the media and communications market in Germany is progressively characterized by convergence as customers are increasingly looking to receive their media and communications services from one provider at attractive prices. In response, service providers are providing video, broadband internet, telephony services and increasingly mobile services bundled as triple-play or quadruple-play offerings. Consequently, we have faced, and will continue to face, increased competition across all of our product and service offerings. While we have continued to make progress in growing our subscriber base by increasing penetration of our video base with premium and advanced services, the competition we face in our markets, as well as a decline in the economic environment, could adversely impact our ability to increase or, in certain cases, maintain our revenue, RGUs, cash flow and liquidity. We currently are unable to predict the extent of any of these potential adverse effects.

We believe that German cable operators are well positioned to benefit from these convergence trends as they increasingly up-sell broadband internet, telephony, access to a large number of free-TV and premium channels, premium HD channels and services to their existing basic cable television customers. The German television subscription market size in 2013 is estimated to be €3.9 billion (Source: Dataxis, 2014) compared to approximately €28.6 billion for the German fixed-line market and €57.4 billion (Source: Federal Network Agency, 2013) for the total German fixed-line and mobile telephony market including traditional voice, voice-over-internet protocol ("**VoIP**") and internet services. The internet broadband access and telephony markets therefore offer an opportunity that is a multiple in size of the television subscription market that cable operators traditionally focused on. In the German market, there are principally two major distribution platforms through which triple-play services are provided: cable and DSL. Deutsche Telekom is the major operator offering triple-play via DSL and to a lesser extent fiber technology. Moreover there are several independent DSL operators ("resellers") that base their offerings on access to Deutsche Telekom's infrastructure and/or local loop. Vodafone GmbH ("Vodafone") is one of these resellers and also owns a majority stake in Kabel Deutschland Holding AG ("KDG"), another large cable operator active in all German federal states outside of our footprint. While Vodafone's acquisition of KDG will not give it access to a cable network in our footprint, Vodafone may be able to leverage its national marketing power in a joint effort with KDG to increase the amount of its broadband subscribers in our footprint via its access to Deutsche Telekom's DSL infrastructure which runs across our network. Cable networks upgraded to bi-directional transmission are particularly well suited to provide triple-play services with high bandwidth requirements due to their network characteristics. As they were originally designed for transmission of large data amounts, cable networks are able to deliver consistent speeds irrespective of the distance to the customer, unlike other distribution platforms. The EuroDOCSIS 3.0

broadband technology allows us currently to deliver speed levels of up to 200 Mbps with the potential to further increase these without substantial network investments. DOCSIS technology is evolving and the next standard EuroDOCSIS 3.1 is expected to increase speeds to 1 Gbps and beyond. These speed levels cannot be matched by DSL without deep fiber deployment. End-to-end network ownership is a key advantage for cable operators to provide their services cost-effectively, design their services according to market demand and accelerate time-to-market.

Video Business Market

The German television market is the largest in Europe, with approximately 38.6 million television homes as of July 2014, and a combined cable, satellite, terrestrial and IPTV penetration rate of approximately 96% based on approximately 39.9 million households. (Source: German Digitization Report and Federal Statistical Office of Germany). Similar to other European markets, television consumer behavior in Germany is starting to put more emphasis on digital, innovative, high definition and interactive television services such as VoD requiring high bandwidth and bi-directional distribution platforms. Although digital TV penetration is currently still low, cable as a distribution platform is well positioned to benefit from the growth opportunities arising from these new services given its network characteristics. Only a few distribution platforms are able to provide interactivity, for example the distribution of VoD.

The German broadcasting market is characterized by a relatively large availability of free television channels. The free television offering is dominated by two broadcasting groups including public broadcaster groups and major commercial broadcasters. Broadcasters in Germany generally pay carriage fees to cable operators for the transmission and distribution of analog and digital television and radio signals via their network. However, during 2012, public broadcasters (ARD and ZDF) sought to terminate existing carriage fee arrangements and have ceased to pay any feed-in fees as of January 1, 2013. Despite these actions, ARD and ZDF expect that their signals will continue to be distributed over cable operators' networks based on existing must- carry regulations. We have rejected the termination notices and in December 2012 filed a claim against ARD and ZDF and intend to vigorously defend our existing business model regarding the feed-in of content and related use of capacity in our network. In addition, we also filed lawsuits against ZDF and six of ARD's local public broadcasters arguing that we are not obligated to distribute must-carry channels without receiving adequate compensation for the required cable capacity. For further information about our feed-in of content on our network and our claims against certain of these public broadcasters, see "*Business of Unitymedia KabelBW — Carriage Fees*", "*Business of Unitymedia KabelBW — Material Contracts — Other Significant Supply Agreements — Feed-in Agreements*" and "*Business of Unitymedia KabelBW — Legal Proceedings*".

We are the second largest cable television provider in Germany based on the number of video cable subscribers, with operations in the three federal states of North Rhine-Westphalia, Hesse and Baden-Württemberg. Our video cable service competes directly with a wide range of providers, including:

- traditional over-the-air broadcast television services;
- DTH satellite providers;
- DVB-T, which comprises the digital broadcasting of television signals over terrestrial antennas and other earthbound circuits;
- other fixed-line telecommunications carriers and broadband providers, including Deutsche Telekom, the incumbent telephony operator, which primarily use digital subscriber line ("**DSL**") technologies to provide IPTV and VoD; and
- over-the-top video content providers that deliver TV signals as a video stream on top of third parties' broadband internet access services.

The table below shows the development of TV reception by infrastructure in Germany from 2008-2014. According to the German Digitization Report, as of July 2014, 46% of German television homes used cable as their primary means for receiving television signals, followed by satellite with also 46% of German television homes; terrestrial transmission systems were used in 10% of German television homes; and IPTV was used in 5% of German television homes. The total percentage exceeds 100 because some homes use more than one distribution platform. DVB-T is often used as a platform for a second television set.

	2009	2010	2011	2012	2013	2014
			(in %)			
Cable	52.8	51.4	50.2	47.9	46.3	46.3
Satellite	42.1	42.8	44.7	45.6	46.2	46.1
DVB-T	11.3	11.1	11.8	12.5	11.0	10.0
IPTV	1.0	2.3	3.0	4.3	4.9	4.9

Source: TNS German Digitization Report 2014

Cable

Cable television is the most commonly used transmission medium for television services in Germany, with a penetration rate of approximately 46% of households as of July 2014 (Source: German Digitization Report, 2014). Approximately 70% of German households are passed by cable networks as of March 2013. Cable network services are characterized by easy-to-use technology, efficient installation of customer equipment and reliability of a protected signal delivered directly to the home. Unlike in the case of services provided via satellite platforms, cable television subscribers have the additional benefit of customer services provided ensuring a point of contact with the cable service provider.

We generate revenue principally from relationships with our customers who pay subscription fees for the services provided. Subscription fees for basic cable video services are typically paid directly by single family homes (or single dwelling units) subscribing to the service or, in the case of multi-dwelling units, we enter into a bulk contract with the owner or housing association of the multi-dwelling structure based on the number of units connected. Single family home customers also pay us directly for the subscription fees associated with our premium digital cable services, as well as the broadband internet and telephony services they purchase from us. Generally, the owner of a multi-dwelling unit allows us to sell digital cable (including our premium digital cable services), broadband internet and telephony services directly to individual tenants. In addition, we are generally compensated for the use of capacity in our network by broadcasters which pay carriage fees for the transmission and distribution of their free-to-air television and audio signals via our network. For further information on our carriage fee arrangements with broadcasters, see "*Business of Unitymedia KabelBW — Carriage Fees*", "*Business of Unitymedia KabelBW — Material Contracts — Other Significant Supply Agreements — Feed-in Agreements*" and "*Business of Unitymedia KabelBW — Legal Proceedings*".

We face competition for housing association contracts from housing associations, municipal carriers telecommunication operators, and Professional Operators. Professional Operators typically enter into long-term contracts with housing associations and may have greater flexibility in their pricing strategies, which limits our opportunities to win new contracts or prolong existing contracts with these housing associations and may hinder our efforts to effectively market our services to housing associations. In 2011, Deutsche Telekom announced that it was seeking to provide video and broadband services to MDUs, and Deutsche Telekom announced in December 2011 that it had entered into a contract with a large housing association. Deutsche Telekom stated that under this contract it plans to connect 171,000 units throughout Germany to its fiber-based network and provide tenants in these buildings with a full triple-play offering. Although not in our footprint, in March 2012 Deutsche Telekom announced an agreement with eins energie in sachsen GmbH & Co. KG to roll-out fiber network in cooperation with the local utility company starting in 2012 to connect up to 60,000 households in Chemnitz over the next 2 years and provide triple-pay services. In August 2012, Deutsche Telekom agreed with a Professional Operator to provide its services to approximately 33,000 units in Hannover and surroundings (not in our footprint) beginning in April 2013. In July 2013, Deutsche Telekom also announced its entry into contracts with two housing associations in our KabelBW footprint, and its plans to switch over approximately 14,000 of our video subscribers and a number of advanced services to its network by the end of 2014. In March 2014, Deutsche Telekom announced a cooperation with housing association Howoge to provide its services to about 26,000 units in Lichtenberg (not in our footprint) starting in October 2014. We expect to experience more competition in the MDU market segment from Deutsche Telekom and alternative providers, which may lead to MDU contract losses or ARPU pressure. In addition, certain of the conditions our company agreed to in connection with the completion of the LG/KBW Transaction will increase competition with respect to the MDU market segment. See "*Regulatory — LG/KBW Transaction Imposed Conditions*".

To strengthen our competitive position, we have enhanced our digital service with DVR functionality and HD services. In September 2013, we introduced our next generation Horizon TV platform in our Unitymedia footprint, offering an enhanced interactive TV experience for consumers. Horizon is an all-in-one set-top box with an integrated EuroDocsis 3.0 modem and a WiFi connection, providing an intuitive advanced user interface, access to premium TV and video on demand. In addition, in both footprints we introduced Horizon Go, an online television application that offers over 100 linear video channels and access to video-on-demand. In 2014, we also further increased the number of HD channels available to up to 67 channels and 68 channels

and expanded our VoD services (including catch-up television) to over 11,000 and 4,500 titles in the Unitymedia and KabelBW footprints, respectively. The bundle options allow subscribers to select various combinations of services to meet their needs. Promotional discounts are typically available to new subscribers.

Satellite

We face significant competition from free-to-air satellite distribution for our basic cable video services. An increase in the market share of satellite distribution, particularly free-to-air satellite, may have a negative impact on our video subscriber base and related basic cable fees in the future. Certain digital premium and pay-TV providers, such as Sky Deutschland, have made use of their own satellite platforms and introduced DVRs to provide additional functionality for those subscribers who receive their digital pay programming through satellite, thereby making satellite more attractive to potential customers. Sky Deutschland is currently being acquired by British Sky Broadcasting Group plc and we cannot anticipate the consequence regarding a shift in commercial strategy. In addition, we compete with providers of digital video programming that currently utilize our network to reach their own subscribers. For example, we have an agreement with Sky Deutschland that gives our customers the opportunity to subscribe to premium content offered by Sky Deutschland through a smart card on our network. These providers may decide to develop or use alternative distribution platforms, such as free-to-air satellite or OTT services, adversely affecting our ability to generate carriage fees and subscriber revenue, and potentially reducing the appeal of cable television.

The second most popular form of television reception in Germany after cable is direct-to-home satellite television. Satellite operators such as Sky Deutschland, SES S.A. Astra ("**SES Astra**") and Eutelsat Communications S.A. ("**Eutelsat**"), provide television users with over 300 digital free- and pay-TV channels targeted at the German market and several hundred international television programs, depending on the location of the satellite transponder. To receive programming distributed via satellite, viewers need a satellite dish and a set-top box. Viewers also require a smart card for premium television services distributed via satellite. Except for the premium HD+ service by SES Astra, satellite providers do not have any relationship with end customers in Germany and, consequently, do not receive any subscription or other fees from them. If applicable, satellite customers are charged premium subscription fees directly by the providers of such programs. Eutelsat, with its KabelKiosk pay-TV service, and Sky Deutschland, with its premium subscription packages, also offer premium subscription packages to Professional Operators for wholesale distribution as an alternative to our premium digital channels. In August 2011, Deutsche Telekom began bundling its DSL-based broadband internet and fixed-line telephony services with a satellite-based video solution, targeting households in rural areas that already have a satellite dish installed or are planning to install a satellite dish and where VDSL or fiber-based bandwidth wireline capacity is not available with its existing network to broadcast linear content via IPTV. Satellite may be heavily promoted in the future by Sky Deutschland or Deutsche Telekom, other content providers or satellite operators by offering more attractive content, in particular premium and HD content.

Satellite's main strengths compared to cable include: lower costs over time for consumers, given that the initial cost of purchasing a satellite dish is offset by the absence of recurring subscription fees; satellite's almost universal coverage across Germany, including remote and rural areas where a cable connection is not available; and a broader offering of international channels. We compete with satellite providers by offering customers an easily delivered triple-play bundle of services and advanced services including VoD capability as our network is well suited for bi-directional high-speed data transfer. In addition, satellite requires a large up-front commitment by the customer and there are limitations on satellite reception due to location or external conditions, such as adverse weather conditions. In certain circumstances, restrictions set by zoning laws and contractual arrangements with property owners prohibit the installation of a satellite dish. Applicable regulations, however, may change in the future, and, as a result, competition with satellite providers may increase further.

Terrestrial (DVB-T)

Another television delivery medium is DVB-T, which is available primarily in metropolitan areas. Currently, the number of television channels that are transmitted via DVB-T in most areas in our footprint is limited to up to 24 (12 channels in Baden-Württemberg). Similar to satellite, DVB-T does not allow for the provision of enhanced bi-directional functionalities given the lack of a return path. A switch to DVB-T 2 technology, however, could increase the transmission capacity and could increase the number of SD channels and allow HD offerings as well. The terrestrial transmission infrastructure is owned and operated by Media Broadcast GmbH, and public broadcasters ARD and ZDF. According to a DVB-T Überallfernsehen 2010 press release, DVB-T can be received by more than 90% of all television households in Germany via antenna. RTL originally announced its intention to cease its DVB-T distribution in Germany by the end of 2014 but reversed this decision and extended its DVB-T distribution until the end of 2016. Further RTL announced its intention to

start charging for HD content if and when the upcoming DVB-T2 standard, that allows this technology, will be introduced. ProSiebenSAT1 announced that it plans to continue to use DVB-T as a distribution platform until 2018 and might expand its current offering. In order to receive DVB-T, a consumer needs an antenna and a receiver, but the consumer is not required to pay any subscription fees. TV sets that are currently sold in retail stores in Germany often have a DVB-T tuner (as well as a digital cable and/or satellite tuner) already included. Demand for digital terrestrial television may increase in the future as the price of the receiving equipment decreases and as the quality of the service may improve following the DVB-T2 standard.

Video and Television Distribution Over the Internet (IPTV)

As a consequence of improvements in internet access and data transmission technologies, in particular the upgrade of DSL to VDSL or FTTH, the internet is increasingly being used as a platform for the distribution of IPTV and VoD services. Deutsche Telekom introduced its IPTV offering for the first time in 2006 and today is the leading provider of IPTV in Germany, also offering a VoD service. Deutsche Telekom has reported 2.4 million video subscribers as of September 30, 2014, and has announced plans in the beginning of 2014 to target a total of 10 million customers with its IPTV services by 2017 in Europe including Germany. Vodafone is the second largest IPTV provider in Germany while Telefónica Germany closed down its IPTV platform Alice TV at the end of 2013. Both Deutsche Telekom and Vodafone currently offer IPTV services to their customers with a broadband connection that delivers speeds of at least 3-6 Mbps. In order to provide IPTV services at a comparable technical quality to cable, satellite and terrestrial TV offerings, Deutsche Telekom is currently investing in extending its VDSL coverage and is rolling out or plans to roll-out fiber-based technologies including VDSL and vectoring in 38 smaller cities. We believe this currently allows Deutsche Telekom to offer IPTV services (including HD channels) to 56% of the homes passed by our network. We believe that Deutsche Telekom today is able to distribute IPTV to another estimated 25% of our homes passed via asymmetric digital subscriber line 2+ (ADSL2+), but with technical limitations. Deutsche Telekom recently confirmed in August 2014 its previously announced roadmap of an extensive VDSL roll-out in the next few years and plans to cover approximately 65% of German homes with its VDSL footprint by 2016 compared to a reported coverage of 40% as per September 30, 2014. At the same time, supported by a decision of the Federal Network Agency dated August 29, 2013 limiting its competitors' access to the local loop, Deutsche Telekom already started to implement vectoring technology, enhancing maximum broadband speeds of up to 100 Mbps from the current speeds of up to 50 Mbps. We estimate that Deutsche Telekom will have overbuilt nearly our entire footprint with VDSL by the end of 2016 and therefore will be able to offer its IPTV based TV service on a larger scale.

Over-the-top content (OTT)

We currently see increased competition in the market for video from OTT content providers. These providers deliver television signals as video stream on top of third parties' broadband internet access services (including our network). There are several OTT players active in the German market. ProSiebenSAT.1's Maxdome is currently the largest OTT content provider in Germany and in September 2014 Netflix, the world's largest streaming service, entered the German market. Other OTT players include Sky Deutschland's Snap by Sky, Amazon's Prime Instant Video, Vivendi's Watchever and Apple Inc.'s Apple TV. These OTT players are competitive especially for their video-on-demand (VOD) services for a monthly subscription (subscription video-on-demand or SVOD). Their services are often available via an application on a TV set and/or mobile device. According to the German Digitization Report, as of July 2014 approximately 32% of the 38.6 million German television homes have a connected TV screen set-up for video streaming (either build-in or via connected device). Out of the regular catch-up TV and on-demand users that consume paid content, approximately 70% does this via a monthly subscription (SVOD). These services may become more popular, in particular among Germany's younger consumers and are competing with our premium content offering.

Broadband Internet Market

Germany is the largest internet market in Europe with an estimated 29.1 million fixed-line broadband internet subscribers as of June 2014, compared to 25.2 million in France and 23.4 million in the UK (Source: Analysys Mason, October 2014). Access lines with speeds higher than 1 Mbps are generally classified as broadband internet. The main broadband access line technologies in Germany are DSL (including VDSL and ADSL2+) and cable.

The table below shows the development of the broadband internet market by infrastructure in Germany from 2008-2014. Cable in Germany as of June 2014 is estimated to have 5.6 million broadband subscribers, growing faster than DSL (including VDSL) over the years indicated in the table below:

	2009	2010	2011	2012	2013	Q2 2014
			(in millions)			
DSL	22.4	23.0	23.4	23.3	23.2	23.3
Cable	2.3	2.9	3.6	4.4	5.2	5.6
FTTB/FTTH	—	0.0	0.0	0.0	0.1	0.1
Total	24.8	26.0	27.1	27.9	28.6	29.0

Source: Analysys Mason, October 2014

High speed access lines with speeds higher than 16 Mbps are growing rapidly. Cable is, in our view, well positioned to benefit from this speed migration (and additional future speed migrations) as it allows customers to receive broadband internet with download speeds of 200 Mbps. At December 2013, only 16% of total subscribing internet lines in Germany used a marketed speed of at least 30 Mbps (Federal Network Agency, 2014), whereas at the same time 64% of internet subscribers using cable technology subscribed to a speed of at least 30 Mbps (ANGA, 2014).

The broadband internet services business in Germany is highly competitive. We compete with companies that provide low-speed and low-cost internet services over traditional telephone lines. For broadband internet access, DSL is currently the dominant technology and the major DSL service provider in Germany is Deutsche Telekom with 12.3 million broadband internet subscribers as of September 30, 2014, of which 9.9 million are in its consumer segment. We estimate that Deutsche Telekom is able to offer its high-speed product with up to 50 Mbps internet speed to 56% of the homes passed by our network. This penetration compares to the 40% VDSL coverage or 16.5 million households in Germany that Deutsche Telekom reported as of September 30, 2014. Furthermore, Deutsche Telekom recently announced its intention to increase its VDSL coverage to 17.5 million households by the end of 2014 while it also confirmed its earlier announced ambition to reach a VDSL coverage of approximately 65% of German homes by 2016. At the same time, Deutsche Telekom already started to implement vectoring technology, enhancing maximum broadband speeds to up to 100 Mbps from the current regular VDSL speeds of up to 50 Mbps, and announced that 3.5 million households will have this vectoring technology by the end of 2014. We estimate that Deutsche Telekom will have overbuilt nearly all of our footprint with VDSL at the end of 2016 and therefore the competitiveness of Deutsche Telekom and other competitors using this vectoring technology (via bit stream access agreements) will increase.

Other major competitors in the broadband internet market are resellers of Deutsche Telekom's services, including United Internet AG ("United Internet"), and alternative network operators such as Vodafone and Telefónica Germany that generally lease the unbundled local loop from Deutsche Telekom or use other forms to access Deutsche Telekom's network. During 2012 and 2013 United Internet, Vodafone and Telefonica Germany, each signed agreements with Deutsche Telekom to gain bitstream access to Deutsche Telekom's VDSL lines (including vectoring in the future), based on minimum commitments ("**Kontingent Modell**"), which gives these operators access to high internet speeds. Vodafone also owns a majority stake in KDG, another large cable operator active in all German federal states outside of our footprint. While Vodafone's acquisition of KDG will not give it access to a cable network in our footprint, Vodafone may be able to leverage its national marketing power in a joint effort with KDG to increase the amount of its broadband subscribers in our footprint via its access to Deutsche Telekom's DSL infrastructure which runs across our network. In addition, we face competition from local operators and city carriers, such as NetCologne Gesellschaft mbH, ("**NetCologne**") in regional clusters. Additional internet access technologies comprise FTTH and fiber-to-the-building ("FTTB") that are usually deployed in densely populated areas. NetCologne, for example, is rolling out FTTB in the city of Cologne and Deutsche Telekom, as well as other local operators, in conjunction with municipal utility companies, are increasingly rolling out fiber-based technologies in our markets.

In addition, mobile broadband services have been launched by mobile network operators such as Deutsche Telekom, Vodafone, Telefónica Germany and its recently acquired E Plus Service GmbH & Co. KG ("**E Plus**"). This market segment has experienced strong growth. Although mobile broadband services generally offer speeds and capacities slower than cable and DSL/VDSL operators, such network capabilities were enhanced by LTE network roll-outs in 2012, 2013 and 2014. Vodafone for example currently invests approximately €4bn in their mobile network across Germany targeting to finish its network modernization in 2016, while currently having LTE coverage of approximately 70% of Germany's surface as of March 31, 2014. Deutsche Telekom announced its aim for an outdoor population coverage of 85% in Germany by 2016 while currently covering about 79%. Deutsche Telekom announced in September 2014 it is planning to introduce a hybrid router in 2014 that combines landline and mobile LTE network bandwidths. Further, Deutsche Telekom announced in

September 2014 its plans to bundle their mobile products with their fixed products by giving certain customers who take both services additional benefits, including a discount on their mobile services. Other technologies for internet access may develop and become competitive alternatives, as well. Accordingly, we will continue to face additional competition and new technologies may force us to increase capital expenditures to upgrade our system and provide additional products and services.

We believe we operate a network with superior technology, and that we can offer customers maximum upload and download speeds at varying tiers of service tailored to the customer's needs throughout our footprint. As a result of implementing EuroDOCSIS 3.0, our network has the ability to deliver broadband speeds of up to 200 Mbps, which today is at least three times the speed of regular VDSL, with the potential to further increase these without substantial network investments. DOCSIS technology is evolving and the next standard EuroDOCSIS 3.1 is expected to increase speeds to 1 Gbps and beyond. These speed levels cannot be matched by DSL without deep fiber deployment. In addition, our large video customer base provides a strong basis to up-sell our broadband internet service. We also compete by selling value added services such as internet security packages and online back-up solutions.

Telephony Market

Fixed-line Phone

Deutsche Telekom dominates the fixed-line phone market with 20.8 million subscribers as of September 30, 2014, representing a market share of 58% (Federal Network Agency, 2014). As a result of deregulation, however, the market share of Deutsche Telekom has been decreasing both in terms of phone lines and minutes sold since 1998.

The fixed-line telephony market is increasingly under pressure from resellers, alternative carriers, declining mobile phone charges and alternative access technologies such as VoIP services offered via DSL or other broadband internet connections such as cable and other service providers, such as Skype. The German market for phone services is typically price sensitive. We expect competition, including price competition, from traditional and non-traditional fixed-line and mobile phone providers to continue. The total number of fixed-line telephony subscribers in Germany declined from 38.5 million subscribers in 2009 to 36.8 million in 2014, mainly as a result of substitution from fixed-line to mobile services (Source: Dialog Consult/VATM, 2014). In recent years, fixed-line phone calls have been transformed into a commodity and have become increasingly dependent on a quality broadband offering, as phone is increasingly bundled with broadband internet services. Fixed-line telephony has experienced significant price erosion over the last few years, with operators increasingly offering flat-rate products. We seek to compete based on the speed of our network connections, pricing and product innovation. We also offer varying plans to meet customer needs and various bundled service options with our digital video and broadband internet services.

Cable operators in Germany offer voice services generally as a flat rate product for domestic fixed-line calls with additional charges for international and mobile calls. Voice services are offered both on a standalone basis and as part of a triple-play product offering. The key factors differentiating the telephony offering of cable companies are its pricing and the fact that it is typically integrated into product bundles. Furthermore, the bundling of services is an appealing value proposition for the customer, while at the same time providing attractive economics to the cable operator. The basic cable TV subscriber base of German cable operators is typically under penetrated with respect to broadband internet and VoIP offerings. This relative under-penetration of German cable customers offers significant growth opportunities. In addition, telephony and internet products via cable can be offered on an unbundled basis in order to target additional customers that do not also want to receive video services via cable or do not need an internet connection.

Mobile

There are four network operators in the German market: Deutsche Telekom, Vodafone, E-Plus and Telefónica Germany. Each of these operators has its own mobile access network. In October 2013, Royal KPN NV's shareholders agreed on the sale of E-plus to Telefónica Germany, which, after regulatory approval in July 2014, created a combination of these mobile operators and their access networks. Over recent years the mobile operators utilized their networks by allowing MVNOs to sell their own branded mobile products. The German market has one of Europe's most advanced mobile service provider sectors, with Freenet AG's mobilcom-debitel currently being the largest service provider. Discounters and large retailers have also entered the market in cooperation with mobile operators and offer mobile voice and data services under their own brands. The mobile penetration rate in Germany is estimated to be 143% (Federal Network Agency, 2014) and the German

market for mobile services is still growing. The volume of mobile call minutes, SMS and data has increased substantially over the years, whereby mobile data revenue as a percentage of total mobile revenue has increased considerably (Source: Dialog Consult/VATM, 2014). Given the increased relevance of mobile data, mobile network operators are investing in upgrading their networks. Vodafone for example currently invests approximately €4 billion in their mobile network across Germany targeting to finish its network modernization in 2016, while currently having LTE coverage of approximately 70% of Germany's surface as of March 31, 2014. Deutsche Telekom announced its aim for an outdoor population coverage of 85% in Germany by 2016 while currently covering about 79%. The total German mobile market size is large, with €26.2 billion of revenue in 2013, of which €18.8 billion represent customer subscription fees (Source: Federal Network Agency, 2014). At the same time, price levels are decreasing and we expect increasing competition, including price erosion.

Business Customers

In 2011, we began to actively offer specific products to meet the broadband internet and fixed-line phone needs of SOHO and medium-sized enterprises. In our view, our main competitors in this business area include Deutsche Telekom, Vodafone, BT (Germany) GmbH & Co. OHG, Verizon Deutschland GmbH, Colt Telecom GmbH, Telefónica Germany, QSC AG, Versatel AG, and NetCologne. In addition to our residential offerings, these product offerings include premium customer care hotline services and several value-added services such as higher upload speeds and static internet protocol services. In 2013, we expanded our portfolio with mobile voice and data services, based on our existing agreement with Telefónica Germany, as well as introducing a business TV product.

REGULATORY

Our business is subject to various regulatory requirements and obligations including the telecommunications and media laws, general antitrust law, as well as technical and other regulations. Relevant legislation imposes a variety of rules on us and other market participants. Certain key provisions are set forth below. This description is not intended to be a comprehensive description of all regulation in this area nor a review of specific obligations which have been imposed on us.

Telecommunications Regulation

The Regulatory Framework. The telecommunications business in Germany is subject to the regulatory regime of the German Telecommunications Act and certain ordinances promulgated under the German Telecommunications Act. The German Telecommunications Act covers the transport of any signal by telecommunications installations encompassing television signals, internet data transport and voice telephony, all of which we provide.

The German regulatory framework is predominantly based on the EU regulatory framework. The body of EU law that deals with communications regulation consists of a variety of legal instruments and policies (collectively referred to as the EU Regulatory Framework). The key elements of the EU Regulatory Framework are various directives that require Member States, of which Germany is one, to harmonize their laws, as well as certain regulations that have effect without any national transposition.

The EU Regulatory Framework primarily seeks to open European markets for communications services and to establish basic user rights. It harmonizes the rules for the establishment and operation of electronic communications networks, including cable television and traditional telephony networks, and the offer of electronic communications services, such as telephony, internet and, to some degree, television services. The EU Regulatory Framework does not generally address issues of content (in particular, radio and television programs, which are specifically regulated by the Audiovisual Media Services Directive of March 10, 2010).

On September 11, 2013, the EU Commission proposed a new regulation on measures for the European single market for electronic communications. This proposal seeks to introduce a single EU authorization and regulatory supervision for communications providers, coordinated frequency use within the EU, to further reduce roaming charges and further harmonize contract terms used against end consumers, and to create certain net neutrality obligations, see also below "*Net neutrality*". The Commission's proposal is currently undergoing a consultation process between the different European legislative bodies. After European Parliament called for more restrictive rules (especially regarding net neutrality), the EU Council's Presidency has now issued a rather liberal proposal. The date of such regulation's enactment is uncertain at this stage.

The Regulatory Bodies. The German Federal Network Agency (*Bundesnetzagentur*), an independent governmental body, is inter alia responsible for the regulation of the German telecommunications market. The Federal Network Agency has various powers with respect to the enforcement of telecommunications laws and ordinances. All decisions of the Federal Network Agency may be challenged before the competent administrative court (*Verwaltungsgericht*) in Cologne and further appealed at higher instances.

Under the EU Regulatory Framework, a Body of the European Regulators for Electronic Communications (BEREC) has been created and new powers have been given to national regulators. For example, the national regulators have rights to mandate access to ducts even on operators without significant market power. The revisions also strengthen the rights of the European Commission to participate in national regulatory procedures, for example regarding service fees regulation, see "*Regulation of Fees"*.

Potential Additional Regulated Markets. Broadcasting transmission services are currently not subject to supervision by the Federal Network Agency but only by the FCO under general competition law as well as by state media authorities, see "*Media Regulation*". The European Commission is in the process of updating the current list of relevant wholesale and retail telecommunications markets. Based on the results of a public consultation and after consultation with BEREC and the Communications Committee (an advisory committee composed of member state representatives), the European Commission will adopt a revised markets recommendation. We cannot rule out the possibility that such revision might subject further aspects of our services to regulatory supervision or that the Federal Network Agency will for example restore sector specific regulation for the market for broadcasting transmission services.

With respect to the commercial provision of (narrowband) phone services to end-customers based on a self-operated fixed-line telecommunications network, we are deemed to have significant market power pursuant to regulatory orders issued by the Federal Network Agency in 2009 and on November 19, 2013, with respect to

market 3 (formerly market 9) regarding call termination on individual public phone networks of alternative network operators provided at a fixed location.

Notification Requirements. The German Telecommunications Act does not require telecommunications network operators and telecommunciations service providers to obtain a license, but provides for an obligation to notify the Federal Network Agency of the commencement, any modification and the termination of the operation of a public telecommunications network and of the offering of telecommunications services to the public.

Interconnection and Access Obligations. Every operator of a public telecommunications network, irrespective of its market position, is obligated upon request to offer interconnection with its network to other network operators. If the parties cannot agree upon the conditions of such interconnection, the Federal Network Agency can impose on an operator that controls access to end customers the obligation to provide interconnection and other access obligations upon application by one of the parties.

The regulatory powers of the Federal Network Agency are comprehensive vis-à-vis operators with "Significant Market Power," irrespective of their granting access to end customers. Based on a market analysis, the Federal Network Agency may impose on operators of public telecommunications networks with "Significant Market Power" various obligations to interconnect and to grant other undertakings access to their telecommunications networks for the provision of telecommunications services. With respect to the commercial provision of (narrowband) phone services to end-customers based on a self-operated fixed-line telecommunications network, we are deemed to have significant market power, see "*Regulated Markets*".

Regulation of Fees. Under the German Telecommunications Act, the fees for telecommunications access services offered by providers can be subject to pricing regulation if significant market power has been determined or if the operator controls access to end-users. The German Telecommunications Act distinguishes between fees that require prior regulatory approval (ex ante) and those that are subject to an ex post review. The way in which fees are regulated is dependent on the possession of significant market power as well as on the imposition of access obligations. Pursuant to the regulatory practice of the Federal Network Agency, fees we charge for call terminations at a fixed location (market 3) were traditionally subject to ex post regulation. In addition, certain transparency and nondiscrimination requirements applied. On August 11, 2014, the Federal Network Agency has decided not to subject our termination fees for inbound calls to our telephony customers to an ex ante regulation, to the extent we receive such telephony traffic from other operators via PSTN interfaces. Only calls terminating via Next Generation Network (NGN) interfaces, which will be implemented in the future, have to be approved under an ex ante price control regime. In a decision dated September 10, 2014, the European Commission expressed "serious doubts" whether the fees which were approved by the Federal Network Agency exercising its ex ante control were compliant with the European telecommunications regulatory regime. This bears the risk that the fees we are allowed to charge to interconnection partners may ultimately be considerably lower than the ones currently envisaged to be approved by the Federal Network Agency. Regulation of fees by the Federal Network Agency also affects the costs we incur for interconnection and termination services from other telecommunications network operators. Such decisions of the Federal Network Agency can be overruled by courts and the German Constitutional Court has recently been asked to evaluate to which extent such rulings can have retroactive effect, which could lead to substantial claims in case fees get adjusted by courts.

Allocation and Use of Frequencies. The use of frequencies in our cable network is no longer subject to the German Telecommunications Act and therefore does not require a frequency allocation by the Federal Network Agency. This is also clarified by one of the recent amendments of the German Telecommunications Act. Even though no frequency allocation is required for the operation of our cable network, its operation is subject to the German Electromagnetic Compatibility Act (*Gesetz über die elektromagnetische Verträglichkeit von Betriebsmitteln*) and a complementary ordinance (*Sicherheitsfunk-Schutzverordnung*). How in practice compatibility between the use of frequencies by mobile operators and by us (in our cable) will be embellished, is currently discussed in various instances.

Rights of Way. Operators of public telecommunications networks that wish to use public streets, squares, bridges, public waters and railroads for the laying and operating of telecommunications lines have to apply to the Federal Network Agency in order to obtain the respective rights of way. In particular, the Federal Network Agency has to determine whether the applicant has demonstrated sufficient professional expertise, reliability and financial capability to operate telecommunications lines. Both the installation of new telecommunications lines and the modification of existing telecommunications lines also require the consent of the competent road construction and maintenance authority. Due to amended provisions of the German Telecommunications Act, the Federal Network Agency may require us, other operators of public telecommunications networks as well as other owners of ducts and wirings to share certain in house infrastructure. A European Union directive dated

May 15, 2014, aims at reducing the cost of building broadband networks according to which every operator will be obliged to co-ordinate civil works with other operators. In addition, the directive grants an access right for every operator to use in-house infrastructure and/or nearby concentration points of third parties. Germany is obliged to transpose the directive into national law and is currently evaluating the steps necessary for such legislation by way of a national consultation process which has not yet been finalised.

Net neutrality. Pursuant to the German Telecommunications Act, the German government is empowered to release orders to ensure net neutrality. After proposing a corresponding draft order in July 2013, the German government decided to refrain from further initiatives in this regard and instead deferred the decision to the European level. On September 11, 2013, the EU Commission proposed provisions to safeguard a certain level of net neutrality, see above "*The Regulatory Framework*". If eventually adopted, such regulation would impose additional transparency and information obligations as well as a fundamental principle of non-discrimination on internet access providers. Such limitations would hinder or prohibit the provision of specialized services as well as exclusive cooperations with content providers requiring a certain quality of service. In the meantime, the German federal states of North Rhine-Westphalia and Thuringia have amended their State Media Acts to generally allow for regulatory action to safeguard net neutrality, although the state media authorities (see below "*Media Regulation*") have not yet adopted corresponding measures.

Media Regulation

Regulation of the media falls within the legislative competence of the German federal states (*Bundesländer*). The media laws of all 16 federal states have been partially harmonized by the State Broadcasting Treaty (*Rundfunkstaatsvertrag*). The State Broadcasting Treaty establishes the main framework of the German regulation of broadcast. In particular, it provides for a regime designed to ensure that a diversity of opinions is secured in the mix of public and commercial radio and television channels and their respective programming. The regime affects our ability to decide how to use our digital platform and therefore may impact our business.

Nearly every German state has established its own independent regulatory body, the state media authority (*Landesmedienanstalt*), for the regulation of the private broadcasting sector. The state media authorities are primarily responsible for licensing and supervising of commercial broadcasters and the allocation of transmission capacities for radio and television channels (must carry regulation as described below). They are also in charge of the regulation of carriage fees, conditional access systems, interfaces, electronic program guides/navigators, the bundling of programs and price regulation. Any decision of the state media authorities can be challenged before the competent administrative courts.

Broadcasters have the right to file a complaint with the relevant state media authority in the event that cable network operators refuse to carry their signals. The state media authorities are vested with the power to order the transmission of channels upon receipt of such complaints, provided that the respective broadcaster's programs enjoy a "must carry" status or that the network has sufficient excess capacity. Whether or not a broadcaster, in particular one enjoying must carry status, is entitled to claim a distribution directly from the cable network operator is unclear.

Allocation and Use of Transmission Capacities. The State Broadcasting Treaty sets forth the rules for the allocation and use of digital transmission capacities and digital playout facilities for television channels. The allocation and use of analog cable transmission capacities for both radio and television channels is governed by the laws of the respective states. The allocation and use of digital transmission capacities for digital television and radio channels are, however, primarily governed by the must carry rules of the State Broadcasting Treaty.

Regulations regarding the analog cable transmission of radio and television channels vary from state to state and cable network operators are generally not free to allocate analog channels in their networks. Rather, the state media authorities make allocation decisions regarding the programs that will be transmitted over the cable networks, in order to ensure a diversity of opinions in the mix of channels and programming. In the analog range, the specific allocation of channels varies from state to state and rules relating to the allocation of radio channels are usually less strict than those relating to television channels. The media law in the states of Baden Württemberg, North Rhine-Westphalia, and Hesse require us to carry 18, 24 and 28 analog television channels, respectively, and also limits the possibility to convert these analog television channels into digital television channels.

In the digital range, the must carry obligations currently apply for the distribution of certain digital channels (up to a maximum of one third of our digital bandwidth dedicated to broadcasting services). Practically speaking, up to one third of digital capacity is must carry, up to one third is allocated to ensure diversity and one third is for the cable operator's own choice.

Platform Regulation. The operation of digital platforms for television services is governed by both the State Broadcasting Treaty and the German Telecommunications Act. The provisions on digital television platforms in the State Broadcasting Treaty are supplemented by a specific bylaw on open access to digital services and on platform regulation (*Satzung über die Zugangsfreiheit zu digitalen Diensten und zur Plattformregulierung*), which has been adopted by the state media authorities. They provide general rules for the use of conditional access systems, interfaces, electronic program guides/navigators and the bundling of programs. Under these regulations, which are supervised by the state media authorities, where we are registered as a platform provider, we must generally grant a diverse program offering and must not unfairly obstruct or discriminate against broadcasters and other content providers. The German Telecommunications Act then contains specific provisions for conditional access systems supervised by the Federal Network Agency.

Antitrust regulation

In addition to the regulation by the Federal Network Agency under the German Telecommunications Act, the FCO has powers under the German Act against Restraints of Competition (*Gesetz gegen Wettbewerbsbeschränkungen*) that prohibits the abuse of a market-dominant position as well as the distortion of competition through agreements or collusive behavior by market participants. Similar powers are vested with the European Commission.

If the FCO or the European Commission determine that a company has a dominant position in a relevant market or distorts competition through agreements or collusive behavior, the competent authority is entitled to prohibit such practices and to impose various punitive measures, including fines or disgorgement of profits generated by such behavior. In addition, third parties may initiate civil proceedings against companies that willfully or negligently violate provisions of the German Act against Restraints of Competition to obtain compensation for damages suffered, provided that these provisions were intended to protect the interests of such third parties.

LG/KBW Transaction Imposed Conditions

The LG/KBW Transaction was subject to the approval of the FCO, which approval was received in December 2011, upon final agreement of certain commitments we made to address the competition concerns of the FCO, as outlined below:

- We committed to the distribution of basic digital television channels (as opposed to channels marketed in premium subscription packages) on entire network in unencrypted form commencing January 1, 2013. This commitment generally covers free-to-air television channels in SD and HD and is consistent with the practice that had been adopted by KBW prior to the LG/KBW Transaction. If, however, free-to-air television broadcasters request their HD content to be distributed in an encrypted HD package, the encryption of free-to-air HD channels is still possible. In addition, we made a commitment that, through December 31, 2016, the annual carriage fees we receive for each such free-to-air television channel distributed in digital or simulcast in digital and analog would not exceed a specified annual amount, determined by applying our applicable rate card systems as of January 1, 2012;
- Effective January 1, 2012, we waived exclusivity rights in access agreements with housing associations, with respect to the usage of infrastructures other than our in-building distribution networks to provide television, broadband internet or telephony services within the building;
- Effective January 1, 2012, upon expiration of the minimum term of an access agreement with a housing association, we will transfer the ownership rights to the in-building distribution network to the building owner or other party granting access. In addition, we waived the rights to remove in-building distribution networks; and
- A special early termination right was granted with respect to certain of our existing access agreements (the "**Remedy HA Agreements**") with the largest housing associations that cover more than 800 dwelling units and which had a remaining term of more than three years as of December 15, 2011. The total number of dwelling units covered by the Remedy HA Agreements was approximately 340,000 as of December 15, 2011. The special termination right may be exercised on or before September 30 of each calendar year up to the expiration of the current contract term, with termination effective as of January 1 or July 1 of the following year. If the special termination right is exercised, compensation will be paid to partially reimburse our company for unamortized investments in modernizing the in-building network based on an agreed formula.

To the extent we are successful in obtaining renewals of the Remedy HA Agreements, we expect that these renewed contracts will contain pricing and other provisions that are somewhat less favorable to our company than those in previous agreements. At September 30, 2014, approximately 11% of the dwelling units covered by the Remedy HA Agreements remain subject to the special termination right.

In January 2012, the Appellants filed the Appeals. On August 14, 2013, the Düsseldorf Court of Appeal issued a ruling that set aside the FCO's clearance decision. Although the Düsseldorf Court of Appeal did not grant the right to appeal against its ruling to the German Federal Court of Justice, on September 16, 2013, we filed a formal request to appeal to the German Federal Court of Justice seeking permission to appeal the Düsseldorf Court of Appeal's decision and our reasoned submission was filed on December 16, 2013. During the first quarter of 2014, interested third parties commented on our submission. The Düsseldorf Court of Appeal's ruling is not legally binding until all appeals have been rejected.

During the fourth quarter of 2014 we and Liberty Global reached settlements with the Appellants in their pending complaints against the FCO regarding its decision to approve the LG/KBW Transaction. The Appellants have withdrawn their appeals to the FCO clearance decision, and on January 21, 2015, the FCO consented to the withdrawal. Once the Federal Court of Justice terminates the proceedings, which is expected to occur during the first quarter of 2015, the FCO's clearance decision with respect to Liberty Global's acquisition of KBW will become final and binding without any additional review or conditions.

MANAGEMENT

The ultimate authority within Unitymedia KabelBW vests with UPC Germany, as our sole shareholder. UPC Germany is, in turn, indirectly controlled by Liberty Global. All fundamental decisions regarding Unitymedia KabelBW are reserved for the decision of the shareholders' meeting, including, but not limited to, the following:

- instructions to the managing directors;
- appointment and removal of managing directors;
- granting of discharge from liabilities to the managing directors;
- determination of annual financial statements and distribution of profits;
- measures in connection with monitoring and supervising managing directors;
- amendments of the articles of incorporation;
- fundamental structural changes (e.g., mergers, a conversion or a splitting of the company);
- consent to the conclusion of a domination or profit and loss absorption agreement; and
- Unitymedia KabelBW may expand the authority of the shareholders' meeting.

Supervisory Board

In accordance with German corporate law, we are managed by our Managing Directors (*Geschäftsführer*). Responsibilities for operations are delegated to members of senior management. After the KBW Fold-in, the Unitymedia KabelBW entities employ more than 2,000 employees. Consequently, the German Co-Determination Act (*Mitbestimmungsgesetz*) applies and requires the implementation of a supervisory board for the German holding company of the Unitymedia KabelBW entities with twelve members, six of which will be shareholder representatives, while the remaining six members will be employee representatives. On September 30, 2013, the following members were appointed to the supervisory board:

Name	Age	Position
Ritchy Drost	40	Chief Financial Officer, European Broadband Operations
Diederik Karsten	58	Executive Vice President European Broadband Operations
Manuel Kohnstamm	53	Senior Vice President and Chief Policy Officer, Liberty Global
Sascha Vollmer	39	Vice President Planning, Controlling and Reporting
Lars Ziegenhagen	43	Senior Vice President Legal
Dr. Philipp Wohland	39	Senior Vice President Human Resources
Erwin Gilbert	60	Labor Union Representative
Markus Frings	49	Labor Union Representative
Robert Feuchter	56	Works Council Representative
Peter Rieken	56	Works Council Representative
Stefan Kerpers	53	Works Council Representative
Ralf Mielke	46	Director Level 4 Provide

The inaugural meeting of the supervisory board occurred on November 6, 2013. The supervisory board advises and supervises the managing board. The supervisory board is further responsible for appointment and removal of managing directors. It is also in charge of the auditors and is responsible for reviewing the financial statements. The supervisory board's rules of procedure, which are yet to be implemented, shall determine that certain transactions require the supervisory board's consent.

Managing Directors

The Managing Directors are responsible for the day-to-day management of the business. Our Managing Directors and the Managing Directors of each of our subsidiaries are appointed at a shareholders' meeting for each company. Such Managing Directors may also be removed at the applicable shareholders' meeting. The Managing Directors are obligated to report regularly to the applicable shareholders' meeting or partners' meeting, as the case may be, on the business activities and strategy of the applicable company, and the shareholders or partners, as the case may be, may request additional reports at any time. The Managing Directors must obtain prior approval from the shareholders or partners, as the case may be, with respect to

certain material matters, but the shareholders or partners, as the case may be, are generally not entitled to assume management functions or interfere with the day-to-day management of the business.

We currently have four Managing Directors:

Name	Age	Position	Year First Appointed
Lutz Schüler	46	Managing Dire	2011
Frank Meywerk	50	Managing Dire	2013
Winfried Rapp	46	Managing Dire	2013
Dr. Herbert Leifker	60	Managing Dire	2011

- ***Lutz Schüler*** was appointed our Chief Executive Officer in January 2011. Mr. Schüler has significant experience in the German telecommunications market, with many years of strategic and operational experience and extensive experience in marketing, sales and operations across a wide range of products. He has served in several senior management roles with Telefónica Germany since 1998, lastly leading the integration of Hansenet Telekommunication GmbH as its CEO in Hamburg, when it was acquired by Telefónica Germany in early 2010. From 2006 to 2010, he was Managing Director, Marketing & Sales for Telefónica Germany. Before joining Telefónica Germany in 1998, he worked as product manager with VIAG Interkom GmbH and T-Mobile. After an apprenticeship in a German bank, Mr. Schüler studied business administration at the University of Augsburg and holds a masters degree in business administration.
- ***Frank Meywerk*** has been Chief Technology Officer since September 2013 and is responsible for our network operations and technology, and the further upgrade of our broadband network. Frank Meywerk previously spent over four years as CTO at T-Mobile Netherlands BV and T-Mobile Czech Republic a.s., where he was responsible for network and information technology. From 2004 to 2009, he led the Radio Access Network division at T-Mobile Deutschland as a Senior Vice President. Frank Meywerk began his career at Siemens AG and Alcatel-SEL, including positions in the areas of network planning, network design and optimization. He studied telecommunications engineering at the University of Hanover and has over 20 years' experience in the telecommunications industry.
- ***Dr. Herbert Leifker*** has been our (or Old Unitymedia's) Chief Commercial Officer since 2005, following the Tele Columbus acquisition. With over 20 years' cable experience in Germany, Dr. Leifker has a deep understanding of the industry and strong long-term relationships with the housing industry. This has allowed Unitymedia KabelBW to pioneer new co-operation models such as the "Multimedia-Anschluss" that have now become standard in the housing industry. He was previously Managing Director and CEO of TeleColumbus, which he led for 15 years, growing it from a start-up to Germany's largest operator of in-home networks. He began his career with an auditing company and in the banking industry, where he held responsibility as a divisional manager of a savings bank. Dr. Leifker studied Law and Business Studies in Münster and Hamburg and holds a doctorate in Law.
- ***Winfried Rapp*** has been our CFO since October 2013 and leads our Finance division. Winfried Rapp comes from SAP, where he spent ten years in various national and international finance functions, most recently as CFO for the Global Service division, and previously as Regional CFO for Western Europe. Born in Ulm, Winfried Rapp previously worked for Deutsche Telekom in Central Group Controlling and at T-Mobile UK. He has many years of experience in IT and telecommunications, and has also gained experience in various finance roles in the automotive/manufacturing industries and in the logistics sector.

The business address of all the Managing Directors named above is Aachener Str. 746-750, 50933 Cologne.

OUR PRINCIPAL SHAREHOLDER

The Issuer is a wholly-owned direct subsidiary of UPC Germany. UPC Germany is a wholly-owned direct subsidiary of Liberty Global Europe, which is a wholly-owned subsidiary of LG Europe. LG Europe is in turn wholly owned through a series of intermediate holding companies by Liberty Global. See "*Summary — Pro Forma Summary Corporate and Financing Structure*".

Liberty Global's market-leading triple-play services are provided through next-generation networks and innovative technology platforms that connected 27 million customers subscribing to 56 million television, broadband internet and telephony services at December 31, 2014. Liberty Global's consumer brands include Virgin Media, UPC, Ziggo, Unitymedia, Kabel BW, Telenet and VTR. Liberty Global's operations also include Liberty Global Business Services, its commercial division, and Liberty Global Ventures, its investment fund.

CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS OF UNITYMEDIA KABELBW

Related-Party Transactions Impacting Unitymedia KabelBW's Operating Results

General

Certain Liberty Global subsidiaries, including UPC Holding B.V. ("**UPC Holding**"), charge fees and allocate costs and expenses to Unitymedia KabelBW. Depending on the nature of these related-party transactions, the amount of the charges or allocations may be based on (i) Unitymedia KabelBW's estimated share of the underlying costs, (ii) Unitymedia KabelBW's estimated share of the underlying costs plus a mark-up or (iii) commercially-negotiated rates. Through June 30, 2014, Unitymedia KabelBW's related-party operating and SG&A expenses and Unitymedia KabelBW's related-party fees and allocations generally were based on its 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 amounts charged were based on estimated costs that 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 revisions to reflect the actual costs underlying our related-party fees and allocations for 2013 and 2012 amounted to increases of €3.7 million and €1.8 million, respectively, in Unitymedia KabelBW's billings from UPC Holding, which amounts were recorded during the first quarters of 2014 and 2013, respectively. The revisions to reflect actual costs for Unitymedia KabelBW's related-party operating and SG&A expenses for 2013 and 2012 were not material. During the third quarter of 2014, Liberty Global and its subsidiaries began basing the fees charged and amounts allocated among Liberty Global and its subsidiaries on actual costs incurred. As a result, during the third quarter of 2014, Unitymedia KabelBW recorded a €7.6 million increase to the fees and allocations charged to it by UPC Holding to reflect the impact of this change in methodology for the full nine-month period ended September 30, 2014. The impact of this change in methodology on Unitymedia KabelBW related-party operating and SG&A expenses was not material. Although Unitymedia KabelBW believes 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 its consolidated statements of operations are reflective of the costs that it would incur on a standalone basis.

Operating Expenses

Related-party operating expenses represent certain cash settled charges from other Liberty Global subsidiaries, including charges that originate with UPC Holding, to Unitymedia KabelBW primarily for (i) technology-related costs based on the global contract of another Liberty Global subsidiary for encryption services and (ii) certain backbone costs. Unitymedia KabelBW recorded related-party operating expenses of €10.5 million during the nine months ended September 30, 2014 and €12.2 million and €10.4 million during the years ended December 31, 2013 and 2012, respectively.

SG&A Expenses

Related-party SG&A expenses represent certain cash settled charges from other Liberty Global subsidiaries, including charges that originate with UPC Holding, to Unitymedia KabelBW, primarily for software maintenance costs. Unitymedia KabelBW recorded related-party SG&A expense of €1.1 million during the nine months ended September 30, 2014 and €1.5 million and €1.7 million during the years ended December 31, 2013 and 2012, respectively.

Allocated Share-Based Compensation

Liberty Global allocates share-based compensation to Unitymedia KabelBW associated with the Liberty Global share-based incentive awards held by certain employees of Unitymedia KabelBW's subsidiaries. Unitymedia KabelBW recorded allocated share-based compensation of €1.9 million during the nine months ended September 30, 2014 and €2.0 million and €1.1 million during the years ended December 31, 2013 and 2012, respectively.

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 Unitymedia KabelBW's subsidiaries, Unitymedia KabelBW recorded aggregate capital charges in its consolidated statements of shareholder's equity (deficit) of €1.8 million during the nine months ended September 30, 2014 and €2.6 million and nil during the years ended

December 31, 2013 and 2012, respectively. These capital charges, which generally are loan settled, are based on the fair value of the underlying Liberty Global shares on the exercise or vesting date, as applicable.

Fees and Allocations

Fees and allocations represent fees charged by UPC Holding to Unitymedia KabelBW that originate with Liberty Global, UPC Holding and certain other Liberty Global subsidiaries, and include charges for management, finance, legal, technology, marketing and other services that support Unitymedia KabelBW's broadband communications operations, including the use of the UPC trademark. These charges may be cash or loan settled. Unitymedia KabelBW recorded fees and allocations of €79.9 million during the nine months ended September 30, 2014 and €76.4 million and €53.7 million during the years ended December 31, 2013 and 2012, respectively. With respect to the amounts settled during the nine months ended September 30, 2014 and the years ended December 31, 2013 and 2012, all amounts were loan settled with the exception of €22.7 million, €25.6 million and €25.8 million that were cash settled during the nine months ended September 30, 2014, December 31, 2013 and 2012, respectively.

In December 2012, Liberty Global Services B.V., a subsidiary of UPC Holding, entered into a sub-license agreement with UPC Germany and UPC Germany, in turn, entered into a sub-license agreement with Unitymedia KabelBW for the use of the UPC trademark through April 2, 2017. The sub-license agreement between UPC Germany and Unitymedia KabelBW was effective April 2, 2012 (the date of initial commercial use by Unitymedia KabelBW) and provides for an annual fee for the use of the UPC trademark equal to 0.5% of Unitymedia KabelBW's revenue (as defined in the sub-license agreement).

Interest Expense

Related-party interest expense relates to (i) Unitymedia KabelBW's shareholder loans payable to UPC Germany, including (a) the 2010 Shareholder Loan, (b) the 2012 Shareholder Loan and (c) the 2013 Shareholder Capex Loan (each as defined below), and (ii) a loan payable to UMI, which was fully repaid during the second quarter of 2013. Accrued interest is transferred to the respective loan balance annually on January 1 for the 2010 Shareholder Loan, the 2012 Shareholder Loan and the 2013 Shareholder Capex Loan. Unitymedia KabelBW recorded related-party interest expense of €88.6 million during the nine months ended September 30, 2014 and €120.6 million and €98.1 million during the years ended December 31, 2013 and 2012, respectively.

Interest Income

Related-party interest income relates to the UPC Germany Loan Receivable and, during the periods following the August 2013 issuance date, the UMI Loan Receivable, each as defined and described below. Unitymedia KabelBW recorded related-party interest income of €10.1 million during the nine months ended September 30, 2014 and €7.8 million and €1.7 million during the years ended December 31, 2013 and 2012, respectively.

Share of Associate Gain

Share of associate gain relates to gains from our investment in UMI, as discussed below. Unitymedia KabelBW recorded share of associate gain of €1.4 million during the nine months ended September 30, 2014 and €2.5 million and €3.3 million during the years ended December 31, 2013 and 2012, respectively.

Property, Equipment and Intangible Asset Additions

Related-party property, equipment and intangible asset additions represent Unitymedia KabelBW's additions of customer premises and network-related equipment acquired from other Liberty Global subsidiaries, including Liberty Global Europe B.V. and UPC Holding, and are generally cash settled. Unitymedia KabelBW recorded €60.5 million of such additions during the nine months ended September 30, 2014 and €73.1 million and €22.1 million during the years ended December 31, 2013 and 2012, respectively.

UPC Germany Loan Receivable

Unitymedia KabelBW has a loan receivable with UPC Germany (the "**UPC Germany Loan Receivable**") (€700.8 million, €413.2 million and €168.7 million principal amount at September 30, 2014, December 31, 2013 and 2012, respectively) pursuant to a loan agreement. Unitymedia KabelBW can require the

repayment of all or part of the amount outstanding within five days of providing notice to UPC Germany. Amounts loaned to UPC Germany pursuant to this agreement are subject to certain restrictions contained in the instruments governing Unitymedia KabelBW's indebtedness. The interest rate on this loan, which is subject to adjustment, was 2.21% and 2.22% at September 30, 2014 and December 31, 2013, respectively. The net increase in the UPC Germany Loan Receivable during the nine months ended September 30, 2014 includes (i) cash loaned of €1,602.7 million, (ii) cash received of €1,325.0 million and (iii) accrued interest of €9.9 million. The net increase in the UPC Germany Loan Receivable during 2013 includes (a) cash loaned of €1,463.5 million, (b) cash received of €1,226.8 million and (c) accrued interest of €7.8 million. The net increase during 2012 includes (1) cash loaned of €1,248.8 million, (2) cash received of €1,074.7 million, (3) a €60.1 million non-cash decrease related to the settlement of amounts due under the 2010 Shareholder Loan, (4) €1.3 million of accrued interest on the loan receivable and (5) individually insignificant net non-cash decreases of €0.6 million.

As at September 30, 2014, on a pro forma basis after giving effect to the November Loan Distribution, the aggregate principal amount of the UPC Germany Loan Receivable would have been €1,200.8 million.

UMI Loan Receivable

Unitymedia Hessen has a loan receivable with UMI (the "**UMI Loan Receivable**") (€26.1 million and €33.0 million principal amount at September 30, 2014 and December 31, 2013, respectively) pursuant to a loan agreement. The UMI Loan Receivable was issued in August 2013 and has a final maturity of December 2016. Amounts loaned to UMI pursuant to this agreement are subject to certain restrictions contained in the instruments governing Unitymedia KabelBW's indebtedness. The interest rate on this loan, which is subject to adjustment, was 2.56% and 2.47% as of September 30, 2014 and December 31, 2013, respectively. The net increase in the UMI Loan Receivable during the nine months ended September 30, 2014 includes (i) cash repayments of €32.9 million, (ii) cash loaned of €25.8 million and (iii) the transfer of €0.2 million in non-cash accrued interest to the receivable balance. The net increase in the UMI Loan Receivable during the year ended December 31, 2013 includes (a) cash loaned of €43.3 million and (b) cash repayments of €10.3 million.

Investment in Associate

Investment in associate represents the cumulative amount invested in UMI (€62.5 million, €61.1 million and €64.3 million at September 30, 2014, December 31, 2013 and 2012, respectively). UMI was formed for the purpose of effecting certain asset purchase and related leasing transactions involving certain of UPC Holding's subsidiaries, including certain purchase and leaseback transactions that were initiated in December 2011. UMI is considered a special purpose entity and is consolidated by UPC Holding. Although UPC Holding has no equity or voting interest in UMI, all of the revenue of UMI is derived from UPC Holding. As such, UPC Holding is required by the provisions of EU-IFRS to consolidate UMI. As a result, Unitymedia KabelBW uses the equity method to account for its investment in UMI.

2010 Shareholder Loan Payable to UPC Germany

Unitymedia KabelBW has a subordinated shareholder loan payable to UPC Germany that originated December 1, 2010 (the "**2010 Shareholder Loan**"). The 2010 Shareholder Loan resulted primarily from (i) transactions that were completed in connection with the LG/Unitymedia Transaction and (ii) fees and allocations charged from UPC Holding and other Liberty Global subsidiaries. The 2010 Shareholder Loan (€172.9 million and €126.1 million principal balance at September 30, 2014 and December 31, 2013, respectively) bears interest at 8.125% per annum and accrued interest is transferred to the loan balance annually on January 1. All principal and accrued interest on the 2010 Shareholder Loan (collectively €182.6 million and €134.8 million at September 30, 2014 and December 31, 2013, respectively) is due and payable on the maturity date of January 1, 2030 (or such later maturity date of any other indebtedness of the Issuer that requires the subordination of the loan on substantially similar provisions as the Indenture). Amounts outstanding may be converted to equity at the option of UPC Germany. The increase in the principal amount of the 2010 Shareholder Loan during the nine months ended September 30, 2014 includes (i) a non-cash increase of €37.9 million related to the settlement of related-party payables and (ii) the transfer of €8.9 million in non-cash accrued interest to the loan balance. The net increase in the principal amount of the 2010 Shareholder Loan during the year ended December 31, 2013 includes (a) a non-cash increase of €50.4 million related to the settlement of related-party payables and (b) the transfer of €5.3 million in non-cash accrued interest to the loan balance. The net decrease in the principal amount of the 2010 Shareholder Loan during the year ended December 31, 2012 includes (1) cash borrowings of €856.8 million, (2) cash payments of €838.4 million, (3) the

conversion of €92.6 million to equity, (4) a €60.1 million non-cash decrease related to settlements against amounts outstanding pursuant to the UPC Germany Loan Receivable, (5) the transfer of €13.9 million in non-cash accrued interest to the loan balance and (6) a non-cash increase of €11.6 million related to the settlement of related-party payables.

2012 Shareholder Loan Payable to UPC Germany

Unitymedia KabelBW has a subordinated shareholder loan payable to UPC Germany (the "**2012 Shareholder Loan**") issued in May 2012 as consideration for all outstanding shares of UPC Germany Holdings transferred in connection with the KBW Fold-in. The principal amount of €1,230.0 million at December 31, 2012 was based upon a valuation of UPC Germany Holdings as of the date of transfer. All principal and accrued interest (collectively €1,150.2 million and €1,072.0 million at September 30, 2014 and December 31, 2013, respectively) outstanding under this loan is due and payable on December 31, 2025 (or such later maturity date of any other indebtedness of the Issuer that requires the subordination of the loan on substantially similar provisions as the Indenture). Interest accrues on the principal balance at 9.625% per annum, is subject to adjustment annually and is transferred to the loan balance on January 1 of each year. Amounts outstanding may be converted to equity at the option of UPC Germany. The increase in the principal amount during the nine months ended September 30, 2014 includes the transfer of €110.4 million in non-cash accrued interest to the loan balance. The net decrease in the principal amount during the year ended December 31, 2013 includes (i) cash payments of €348.3 million and (ii) the transfer of €79.7 million in non-cash accrued interest to the loan balance.

2013 Shareholder Capex Loan

Unitymedia KabelBW had a subordinated shareholder loan payable to UPC Germany, issued in September 2013 (the "**2013 Shareholder Capex Loan**"). All principal and accrued interest, which was fully repaid in the third quarter of 2014, bore interest at an agreed upon rate (7.500% per annum during all periods that the loan was outstanding). During the third quarter of 2014, we paid €13.2 million to settle all outstanding amounts due under the 2013 Shareholder Capex Loan, which consisted of €11.8 million of principal and €1.4 million of accrued and unpaid interest.

Loan Payable to UMI

Unitymedia Hessen had a subordinated loan payable to UMI, an entity that is controlled and consolidated by UPC Holding, as further described above. The loan payable to UMI, which was fully repaid in the second quarter of 2013, bore interest at an agreed upon rate (10.000% per annum during all periods that the loan was outstanding). The net decrease in the principal amount during year ended December 31, 2013 includes (i) cash payments of €18.1 million, (ii) cash borrowings of €8.6 million, (iii) a decrease of €3.0 million related to the non-cash settlement of a distribution from UMI and (iv) the transfer of €1.1 million in non-cash accrued interest to the loan balance.

2010 Shareholder Loans Payable to Unitymedia KabelBW

Unitymedia Hessen has two subordinated shareholder loans payable to Unitymedia KabelBW that were originated on May 5, 2010, resulting from transactions that were completed in connection with the LG/Unitymedia Transaction. All principal and accrued interest (collectively €700.5 million and €644.5 million at September 30, 2014 and December 31, 2013, respectively) are due and payable on the later of December 1, 2019, and the first anniversary of the maturity date of the Notes offered hereby (or the maturity date of any other indebtedness of the Issuer that requires the subordination of the loans on substantially similar provisions as the Indenture). Interest accrues on the principal balance at 9.625% per annum and, subject to the terms of the Indenture (or any other indebtedness of the Issuer that requires the subordination of the loan on substantially similar provisions as the Indenture), are either (i) payable semi-annually on 1 June and 1 December of each year, (ii) payable on the last day of each month or such other interest calculation as agreed between Unitymedia KabelBW and Unitymedia Hessen or (iii) to the extent as may be agreed from time to time by Unitymedia KabelBW and Unitymedia Hessen, will be added to the outstanding principal amount of the respective loan and interest shall accrue upon each loan as of that date. Amounts outstanding under each loan may be converted to equity at the option of Unitymedia KabelBW. These loans are eliminated in the consolidated financial statements of Unitymedia KabelBW.

May 2012 Shareholder Loan Payable to Unitymedia KabelBW

Unitymedia Hessen has a subordinated shareholder loan payable to Unitymedia KabelBW that was originated on May 4, 2012 resulting from transactions that were completed in connection with the Unitymedia Exchange. All principal and accrued interest (collectively €840.0 million and €773.4 million at September 30, 2014 and December 31, 2013, respectively) outstanding under this loan is due and payable on the later of March 15, 2022 and the first anniversary of the maturity date of the Notes offered hereby (or the maturity date of any other indebtedness of the Issuer that requires the subordination of the loan on substantially similar provisions as the Indenture). Interest accrues on the principal balance at 9.500% per annum and, subject to the terms of the Indenture (or any other indebtedness of the Issuer that requires the subordination of the loan on substantially similar provisions as the Indenture), is either (i) payable semi-annually on March 15 and September 15 of each year or as otherwise communicated by Unitymedia KabelBW to Unitymedia Hessen or (ii) to the extent as may be agreed from time to time by the Unitymedia KabelBW and Unitymedia Hessen, will be added to the outstanding principal amount of the loan and interest shall accrue upon it as of that date. Amounts outstanding under this loan may be converted to equity at the option of Unitymedia KabelBW. This loan is eliminated in the consolidated financial statements of Unitymedia KabelBW.

October 2012 Shareholder Loan Payable to Unitymedia KabelBW

Unitymedia Hessen has a subordinated shareholder loan payable to Unitymedia KabelBW that was originated on October 1, 2012. All principal and accrued interest (collectively €186.8 million and €133.4 million at September 30, 2014 and December 31, 2013, respectively) is (subject to the terms of the Indenture or any other indebtedness of the Issuer that requires the subordination of the loan on substantially similar provisions as the Indenture) due and payable within 5 (five) days of demand by Unitymedia KabelBW. Interest accrues on the principal balance at 10.000% per annum and, subject to the terms of the Indenture (or any other indebtedness of the Issuer that requires the subordination of the loan on substantially similar provisions as the Indenture), will either (i) be payable on the last day of each month and on the date of each full or partial repayment of the outstanding principal amount or (ii) be added to the principal amount on the first calendar day of every month or at any other time and interest shall accrue upon it as of that date or (iii) be calculated in any other manner as agreed between Unitymedia Hessen and Unitymedia KabelBW. Amounts outstanding under this loan may be converted to equity at the option of Unitymedia KabelBW. This loan is eliminated in the consolidated financial statements of Unitymedia KabelBW.

DESCRIPTION OF OTHER INDEBTEDNESS

The following contains a summary of the material provisions of the Unitymedia KabelBW Revolving Credit Facilities, the Existing Senior Secured Notes, the Existing Senior Notes and the Intercreditor Agreements with respect to the foregoing and with respect to certain counterparties to hedging obligations relating to the foregoing. It does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the underlying documents. The following summary is, unless indicated otherwise, presented as of the date hereof after giving effect to the November 2014 Financing Transactions, the December 2014 Financing Transactions, the March 2015 SSN Financing Transactions and the Refinancing. Some of the terms used herein are defined in these agreements and not all such definitions have been included herein.

Super Senior Revolving Credit Facility

The Super Senior Revolving Credit Facility is an €80 million super senior secured revolving credit facility entered into under a senior facilities agreement dated July 25, 2014 (the "**Super Senior Revolving Credit Facility Agreement**"), among and between, among others, Unitymedia Hessen, as borrower, certain lenders party thereto, The Bank of Nova Scotia, as Facility Agent and Credit Suisse AG, London Branch as Security Trustee. The Super Senior Revolving Credit Facility provides for the accession of additional borrowers. References to the "borrower" or "borrowers" under "— *Super Senior Revolving Credit Facility*" refer to Unitymedia Hessen, and any additional borrowers who accede to the Super Senior Revolving Credit Facility as a borrower.

Pursuant to the Super Senior Revolving Credit Facility Agreement, The Bank of Nova Scotia, as Facility Agent, and a number of banks and financial institutions agreed to make available to the borrower a revolving facility and additional facilities (which additional facilities can be term loans or revolving loans), from time to time, by procuring additional lenders to accede to the Super Senior Revolving Credit Facility Agreement and to make available such additional facilities until the maturity date and within limits specified in the relevant accession agreement.

Structure

The final maturity date of the Super Senior Revolving Credit Facility is the earliest of (i) December 31, 2020 and (ii) the date on which the Super Senior Revolving Credit Facility has been fully repaid and cancelled. The borrowers are permitted to make drawdowns under the Super Senior Revolving Credit Facility for terms of, at the relevant borrower's election, one, two, three or six months (or any other period longer than six months agreed by the borrower and the lenders), but not beyond the final maturity date of the Super Senior Revolving Credit Facility. Drawdowns under the Super Senior Revolving Credit Facility must be repaid at the end of the interest period for the relevant loan, and repaid amounts may be re-borrowed prior to the date that falls one month (or such shorter period as may be agreed) prior to the final maturity date.

Limitations on Use of Funds

The Super Senior Revolving Credit Facility may be used by us for general corporate and working capital purposes of Unitymedia Hessen and its subsidiaries (excluding Unrestricted Subsidiaries) (the "**Group**"), including, but not limited to, the refinancing of all or part of any financial indebtedness of the Group.

Conditions to Borrowings

A drawdown under the Super Senior Revolving Credit Facility cannot be made until, among other things, the Facility Agent has received in form and substance satisfactory to it (acting reasonably) customary conditions precedent documents and evidence required by the Super Senior Revolving Credit Facility and a "Utilization Request". Drawdowns under the Super Senior Revolving Credit Facility are subject to further conditions precedent on the date the drawdown is requested and on the drawdown date including the following: (i) no default is continuing or would occur as a result of that drawdown and (ii) certain representations and warranties specified in the Super Senior Revolving Credit Facility are true in all material respects.

Interest Rates and Fees

The interest rate on each loan under the Super Senior Revolving Credit Facility for each interest period is equal to the aggregate of (i) the Margin (2.25% per annum) and (ii) EURIBOR or LIBOR (as applicable).

Interest accrues daily from and including the first day of an interest period and is payable on the last day of each interest period (unless the interest period is longer than six months, in which case interest is payable on the last day of each six-month period) and is calculated on the basis of a 360-day year. With respect to any available but undrawn amounts under the Super Senior Revolving Credit Facility, the borrowers are obligated to pay a commitment fee on such undrawn amounts at the rate of 40% of the Margin per annum.

Guarantees

Each of Unitymedia KabelBW, Unitymedia Hessen, Unitymedia Verwaltung, Unitymedia NRW, Unitymedia Management, UPC Germany NewCo and KBW (the "**RCF Guarantors**") guarantee, on a senior secured basis, the obligations of each obligor under the Super Senior Revolving Credit Facility and related finance documents.

Security

The Super Senior Revolving Credit Facility is secured by the Senior Debt Collateral (as defined under "— *September 2012 Unitymedia KabelBW Senior Secured Notes*"), which also secures or will secure, *inter alia*, the Existing Senior Secured Notes.

Mandatory Prepayment

For so long as an event of default under the Super Senior Revolving Credit Facility has occurred and is continuing, proceeds otherwise required to be applied in prepayment of the Existing Senior Secured Notes shall instead be applied in cancellation and prepayment of the Super Senior Revolving Credit Facility in priority to any other indebtedness.

Upon the occurrence of a Change of Control or a UPC Exchange Transaction (each as defined in the Super Senior Revolving Credit Facility) each Lender will have the option to cancel such Lender's commitment and declare such Lender's loans due and payable.

Automatic Cancellation

The unutilized amount of the Super Senior Revolving Credit Facility will be automatically cancelled one month (or such shorter period as may be agreed) prior to December 31, 2020.

Financial Covenants, Events of Default

The Super Senior Revolving Credit Facility requires the borrower to maintain a Consolidated Net Leverage Ratio, tested as of the end of each fiscal quarter, of no more than 5.5 to 1 if on the last day of that fiscal quarter the outstanding loans under the Super Senior Revolving Credit Facility exceed an amount equal to $33^{1}/_{3}$% of the total commitments under the Super Senior Revolving Credit Facility. The Super Senior Revolving Credit Facility agreement contains certain events of default the occurrence of which, subject to certain exceptions and materiality qualifications, would allow the lenders party thereto 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. Pursuant to the terms of the Group Intercreditor Agreement described below, the proceeds of any enforcement of any shared Collateral (for the avoidance of doubt, excluding the capital stock of the Issuer) will be applied in repayment of the Super Senior Revolving Credit Facility and certain hedging obligations prior to repayment of the Senior Revolving Credit Facility, the Existing Senior Secured Notes, the Existing Senior Notes and the Notes. As of September 30, 2014, on a pro forma basis, after giving effect to the November RCF Drawdown and the March 2015 RCF Prepayment, the Super Senior Revolving Credit Facility would have been undrawn. For additional information, see *"Summary — Recent Developments*".

Representations and Warranties

The Super Senior Revolving Credit Facility contains certain representations and warranties usual for facilities of this type subject to exceptions and appropriate materiality qualifications.

Undertakings

The Super Senior Revolving Credit Facility contains certain restrictive covenants which substantially reflect the covenants contained in the Existing Senior Secured Notes.

The Super Senior Revolving Credit Facility Agreement also contains certain affirmative undertakings subject to materiality and other customary and agreed exceptions. These affirmative undertakings, include, but are not limited to, undertakings related to (i) maintenance of necessary consents and authorizations; (ii) compliance with applicable laws; (iii) compliance with environment laws/approvals and notification of potential environmental claims; (iv) compliance with all necessary taxation requirements; (v) maintenance of licenses and other authorizations; (vi) pari passu ranking of all payment obligations under the Super Senior Revolving Credit Facility documentation with other unsecured unsubordinated payment obligations; (vii) maintenance of insurance; (viii) compliance with laws and contracts relating to pension schemes and its maintenance; (ix) the granting of access to the Facility Agent/Security Trustee/accountants/other professional advisers to investigate reasonably suspected defaults; (x) maintenance and protection of intellectual property rights; (xi) no amendments to constitutional documents that may materially adversely affect the share pledges; and (xii) no change to its centre of main interest from its jurisdiction of incorporation.

Senior Revolving Credit Facility

The Senior Revolving Credit Facility is a €420 million senior secured revolving credit facility entered into under a senior facilities agreement dated July 25, 2014 (the "**Senior Revolving Credit Facilities Agreement**"), initially among and between, among others, Unitymedia Hessen, as borrower, certain lenders party thereto, The Bank of Nova Scotia, as Facility Agent and Credit Suisse AG, London Branch as Security Trustee. The Senior Revolving Credit Facilities Agreement provides for the accession of additional borrowers. References to the "borrower" or "borrowers" under "— *Senior Revolving Credit Facility*" refer to Unitymedia Hessen and any additional borrowers who accede to the Senior Revolving Credit Facilities Agreement as a borrower.

Pursuant to the Senior Revolving Credit Facilities Agreement, The Bank of Nova Scotia, as Facility Agent, and a number of banks and financial institutions, agreed to make available to the borrower a revolving facility and additional facilities (which additional facilities can be term loans or revolving loans), from time to time, by procuring additional lenders to accede to the Senior Revolving Credit Facilities Agreement and to make available such additional facilities until the maturity date and within limits specified in the relevant accession agreement.

Structure

The final maturity date of the Senior Revolving Credit Facility is the earliest of (i) December 31, 2020 and (ii) the date on which the Senior Revolving Credit Facility has been fully repaid and cancelled. The borrowers are permitted to make drawdowns under the Senior Revolving Credit Facility for terms of, at the relevant borrower's election, one, two, three or six months (or any other period longer than six months agreed by the borrower and the lenders), but not beyond the final maturity date of the Senior Revolving Credit Facility. Drawdowns under the Senior Revolving Credit Facility must be repaid at the end of the interest period for the relevant loan, and repaid amounts may be re-borrowed prior to the date that falls one month (or such shorter period as may be agreed) prior to the final maturity date.

Limitations on Use of Funds

The Senior Revolving Credit Facility may be used by us for general corporate and working capital purposes of Unitymedia Hessen and its subsidiaries (excluding Unrestricted Subsidiaries) (the "**Group**"), including, but not limited to, the refinancing of all or part of any financial indebtedness of the Group.

Conditions to Borrowings

A drawdown under the Senior Revolving Credit Facility cannot be made until, among other things, the Facility Agent has received in form and substance satisfactory to it (acting reasonably) customary conditions precedent documents and evidence required by the Senior Revolving Credit Facility and a "Utilization Request". Drawdowns under the Senior Revolving Credit Facility are subject to further conditions precedent on the date the drawdown is requested and on the drawdown date including the following: (i) no default is continuing or would occur as a result of that drawdown and (ii) certain representations and warranties specified in the Senior Revolving Credit Facility are true in all material respects.

Interest Rates and Fees

The interest rate on each loan under the Senior Revolving Credit Facility for each interest period is equal to the aggregate of (i) the Margin (2.75% per annum) and (ii) EURIBOR or LIBOR (as applicable). Interest accrues daily from and including the first day of an interest period and is payable on the last day of each interest period (unless the interest period is longer than six months, in which case interest is payable on the last day of each six-month period) and is calculated on the basis of a 360-day year. With respect to any available but undrawn amounts under the Senior Revolving Credit Facility, the borrowers are obligated to pay a commitment fee on such undrawn amounts at the rate of 40% of the Margin per annum.

Guarantees

Each of the RCF Guarantors guarantee, on a senior secured basis, the obligations of each obligor under the Senior Revolving Credit Facility and related finance documents.

Security

The Senior Revolving Credit Facility is already secured by the Senior Debt Collateral (as defined under "*— Unitymedia KabelBW Senior Exchange Notes*" below) which also secures or will secure, *inter alia*, the Existing Senior Secured Notes.

Mandatory Prepayment

Upon the occurrence of a Change of Control or a UPC Exchange Transaction (each as defined in the indenture governing the Senior Revolving Credit Facility) each Lender will have the option to cancel such Lender's commitment and declare such Lender's loans due and payable.

Automatic Cancellation

The unutilized amount of the Senior Revolving Credit Facility will be automatically cancelled one month (or such shorter period as may be agreed) prior to December 31, 2020.

Financial Covenants, Events of Default

The Senior Revolving Credit Facility requires the borrower to maintain a Consolidated Net Leverage Ratio, tested as of the end of each fiscal quarter, of no more than 5.5 to 1 if on the last day of that fiscal quarter the outstanding loans under the Senior Revolving Credit Facility exceed an amount equal to $33^{1}/_{3}\%$ of the total commitments under the Senior Revolving Credit Facility. The Senior Revolving Credit Facility agreement contains certain events of default the occurrence of which, subject to certain exceptions and materiality qualifications, would allow the lenders party thereto 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. Pursuant to the terms of the Group Intercreditor Agreement described below, the proceeds of any enforcement of any shared Collateral (for the avoidance of doubt, excluding the capital stock of the Issuer) will be applied to repayment of the Super Senior Revolving Credit Facility and certain hedging obligations prior to repayment of the Senior Revolving Credit Facility, the Existing Senior Secured Notes, the Existing Senior Notes and the Notes. As of September 30, 2014, on a pro forma basis, after giving effect to the November RCF Drawdown, the December 2014 RCF Prepayment and the March 2015 RCF Prepayment, the Senior Revolving Credit Facility would have been undrawn. For additional information, see "*Summary — Recent Developments*".

Representations and Warranties

The Senior Revolving Credit Facility contains certain representations and warranties usual for facilities of this type subject to exceptions and appropriate materiality qualifications.

Undertakings

The Senior Revolving Credit Facility contains certain restrictive covenants which substantially reflect the covenants contained in the Existing Senior Secured Notes.

The Senior Revolving Credit Facility Agreement also contains certain affirmative undertakings subject to materiality and other customary and agreed exceptions. These affirmative undertakings, include, but are not limited to, undertakings related to (i) maintenance of all necessary consents and authorizations; (ii) compliance with applicable laws; (iii) compliance with environment laws/approvals and notification of potential environmental claims; (iv) compliance with all necessary taxation requirements; (v) maintenance of licenses and other authorizations; (vi) pari passu ranking of all payment obligations under the Senior Revolving Credit Facility documentation with other unsecured unsubordinated payment obligations; (vii) maintenance of insurance; (viii) compliance with laws and contracts relating to pension schemes and its maintenance; (ix) the granting of access to the Facility Agent/Security Trustee/accountants/other professional advisers to investigate reasonably suspected defaults; (x) maintenance and protection of intellectual property rights; (xi) no amendments to constitutional documents that may materially adversely affect the share pledges and (xii) no change to its centre of main interest from its jurisdiction of incorporation.

Unitymedia KabelBW Senior Exchange Notes

On May 4, 2012, Unitymedia KabelBW issued €618.0 million 9 ½% Senior Notes due 2021 (the "**Unitymedia KabelBW Senior Exchange Notes**").

The Unitymedia KabelBW Senior Exchange Notes are guaranteed on a senior subordinated basis by the Guarantors (and any restricted subsidiary may accede to the indenture for the Unitymedia KabelBW Senior Exchange Notes as a guarantor). The Guarantors also guarantee or will guarantee the Existing Senior Notes and the Notes offered hereby on a senior subordinated basis (see "*Description of the Notes — Ranking of the Notes, Subsidiary Guarantees and Security*"). The Unitymedia KabelBW Senior Exchange Notes are secured by the same Collateral securing the Notes offered hereby (see "*Description of the Notes — Ranking of the Notes, Subsidiary Guarantees and Security*"). The Unitymedia KabelBW Senior Exchange Notes rank *pari passu* in right of payment with any existing and future indebtedness of Unitymedia KabelBW that is not subordinated to the Unitymedia KabelBW Senior Exchange Notes, and senior in right of payment to any existing and future subordinated obligations of Unitymedia KabelBW.

At any time prior to March 15, 2016 Unitymedia KabelBW may redeem the Unitymedia KabelBW Senior Exchange Notes by paying a specified "make-whole" premium. On or after March 15, 2016 Unitymedia KabelBW may redeem some or all of the Unitymedia KabelBW Senior Exchange Notes at certain redemption prices (expressed as a percentage of the principal amount) plus accrued interest and unpaid interest and additional amounts, if any, to the applicable redemption date. Upon the occurrence of certain changes in tax law, Unitymedia KabelBW may redeem all of the Unitymedia KabelBW Senior Exchange Notes at a price equal to the principal amount plus accrued and unpaid interest.

As of September 30, 2014, there was €618.0 million in aggregate principal amount of Unitymedia KabelBW Senior Exchange Notes outstanding. It is expected that the entire aggregate principal amount of Unitymedia KabelBW Senior Exchange Notes outstanding will be redeemed pursuant to the Refinancing.

September 2012 Unitymedia KabelBW Senior Secured Notes

On September 5, 2012, Unitymedia Hessen and Unitymedia NRW, as co-issuers, issued €650.0 million 5 ½% Senior Secured Notes due 2022 (the "**September 2012 Unitymedia KabelBW Senior Secured Notes**").

The September 2012 Unitymedia KabelBW Senior Secured Notes are guaranteed on a senior secured basis by the Issuer and the Guarantors (and any restricted subsidiary may accede to the indenture for the September 2012 Unitymedia KabelBW Senior Secured Notes as a guarantor). The Guarantors also guarantee or will guarantee the Existing Senior Notes and the Notes offered hereby on a senior subordinated basis (see "*Description of the Notes — Ranking of the Notes, Subsidiary Guarantees and Security*"). The September 2012 Unitymedia KabelBW Senior Secured Notes are secured by (i) share pledges of all the capital stock of the Unitymedia Hessen, Unitymedia NRW, Unitymedia Management, Unitymedia Verwaltung, UPC Germany NewCo and KBW, (ii) pledges over claims under certain domination and/or profit and loss absorption agreements granted by Unitymedia Verwaltung, Unitymedia Management and Unitymedia NRW, (iii) account pledges covering certain cash accounts granted by the Issuer, Unitymedia Hessen, Unitymedia NRW, Unitymedia Management, Unitymedia Verwaltung, UPC Germany NewCo and KBW, (iv) security assignments of receivables and insurance claims granted by the Issuer, Unitymedia Hessen, Unitymedia NRW, Unitymedia Management, Unitymedia Verwaltung and KBW, (v) pledges over claims under certain intercompany loans granted by the Issuer, Unitymedia Hessen, Unitymedia NRW, Unitymedia Management, Unitymedia Verwaltung and KBW and (vi) security transfers of substantially all of the other material tangible assets of Unitymedia Hessen, Unitymedia NRW and KBW (other than the service level agreements) (such assets being,

collectively, the "**Senior Debt Collateral**"). The Senior Debt Collateral also secures or will secure the Existing Senior Secured Notes, the Unitymedia KabelBW Revolving Credit Facilities and certain hedging obligations. Pursuant to the terms of the Group Intercreditor Agreement described below, the proceeds of any enforcement of any shared Collateral (for avoidance of doubt, excluding the capital stock of the Issuer) will be applied to repayment of the Unitymedia KabelBW Revolving Credit Facilities, the other Existing Senior Secured Notes and certain hedging obligations prior to repayment of the Existing Senior Notes and the Notes. The September 2012 Unitymedia KabelBW Senior Secured Notes rank (i) *pari passu* in right of payment with any existing and future indebtedness of Unitymedia Hessen and Unitymedia NRW that is not subordinated to the September 2012 Unitymedia KabelBW Senior Secured Notes and (ii) senior in right of payment to any existing and future subordinated obligations of Unitymedia Hessen and Unitymedia NRW (including the Subsidiary Guarantees).

At any time prior to September 15, 2017 Unitymedia Hessen and Unitymedia NRW may redeem the September 2012 Unitymedia KabelBW Senior Secured Notes by paying a specified "make-whole" premium. On or after September 15, 2017 Unitymedia Hessen and Unitymedia NRW may redeem some or all of the September 2012 Unitymedia KabelBW Senior Secured Notes at certain redemption prices (expressed as a percentage of the principal amount) plus accrued interest and unpaid interest and additional amounts, if any, to the applicable redemption date. In addition, at any time prior to September 15, 2015, Unitymedia Hessen and Unitymedia NRW may redeem up to 40% of the September 2012 Unitymedia KabelBW Senior Secured Notes (at a redemption price of 105.500% of the principal amount) with the net proceeds from one or more specified equity offerings. At any time after September 5, 2013 but on or before September 5, 2014, Unitymedia Hessen and Unitymedia NRW may, following the completion of a UPC Exchange Transaction redeem all, but not less than all, of the 2012 Unitymedia KabelBW Senior Secured Notes at a redemption price of 101% of the principal amount. At any time after September 5, 2014 but on or prior to September 5, 2017, Unitymedia Hessen and Unitymedia NRW may, following the completion of a UPC Exchange Transaction redeem all, but not less than all, of the September 2012 Unitymedia KabelBW Senior Secured Notes at a redemption price of 102% of the principal amount. Upon the occurrence of certain changes in tax law, Unitymedia Hessen and Unitymedia NRW may redeem all of the September 2012 Unitymedia KabelBW Senior Secured Notes at a price equal to the principal amount plus accrued and unpaid interest. Additionally, prior to September 15, 2017, during each 12-month period commencing on the issue date of the September 2012 Unitymedia KabelBW Senior Secured Notes, Unitymedia Hessen and Unitymedia NRW may redeem up to 10% of the principal amount of the September 2012 Unitymedia KabelBW Senior Secured Notes at a redemption price equal to 103% of the principal amount thereof plus accrued and unpaid interest to the date of redemption.

As of September 30, 2014 there was €650.0 million in aggregate principal amount of September 2012 Unitymedia KabelBW Senior Secured Notes outstanding. It is expected that Unitymedia Hessen and Unitymedia NRW will redeem 10% of the principal amount of the September 2012 Unitymedia KabelBW Senior Secured Notes at a redemption price equal to 103% of the principal amount thereof plus accrued and unpaid interest to the date of redemption as part of the March 2015 SSN Redemption.

December 2012 Unitymedia KabelBW Senior Secured Notes

On December 14, 2012, Unitymedia Hessen and Unitymedia NRW, as co-issuers, issued $1 billion 5 ½% Senior Secured Notes due 2023 and €500.0 million 5 ¾% Senior Secured Notes due 2023 (the "**December 2012 Unitymedia KabelBW Senior Secured Notes**").

The December 2012 Unitymedia KabelBW Senior Secured Notes are guaranteed on a senior secured basis by the Issuer and the Guarantors (and any restricted subsidiary may accede to the indenture for the December 2012 Unitymedia KabelBW Senior Secured Notes as a guarantor). The Guarantors also guarantee or will guarantee the Existing Senior Notes and the Notes offered hereby on a senior subordinated basis (see "*Description of the Notes — Ranking of the Notes, Subsidiary Guarantees and Security*"). The December 2012 Unitymedia KabelBW Senior Secured Notes are secured by the Senior Debt Collateral that is or will be securing the other Existing Senior Secured Notes, the Unitymedia KabelBW Revolving Credit Facilities and certain hedging obligations. Pursuant to the terms of the Group Intercreditor Agreement described below, the proceeds of any enforcement of any shared Collateral (for the avoidance of doubt, excluding the capital stock of the Issuer) will be applied to repayment of the Unitymedia KabelBW Revolving Credit Facilities, the Existing Senior Secured Notes and certain hedging obligations prior to repayment of the Existing Senior Notes and the Notes. The December 2012 Unitymedia KabelBW Senior Secured Notes rank (i) *pari passu* in right of payment with any existing and future indebtedness of Unitymedia Hessen and Unitymedia NRW that is not subordinated to the December 2012 Unitymedia KabelBW Senior Secured Notes and (ii) senior in right of payment to any existing and future subordinated obligations of Unitymedia Hessen and Unitymedia NRW (including the Subsidiary Guarantees).

At any time prior to January 15, 2018 Unitymedia Hessen and Unitymedia NRW may redeem the December 2012 Unitymedia KabelBW Senior Secured Notes by paying a specified "make whole" premium. On or after January 15, 2018 Unitymedia Hessen and Unitymedia NRW may redeem some or all of the December 2012 Unitymedia KabelBW Senior Secured Notes at certain redemption prices (expressed as a percentage of the principal amount) plus accrued interest and unpaid interest and additional amounts, if any, to the applicable redemption date. In addition, at any time prior to January 15, 2016, Unitymedia Hessen and Unitymedia NRW may redeem up to 40% of the December 2012 Unitymedia KabelBW Senior Secured Notes (at a redemption price of 105.500% and 105.750% of the principal amount of the December 2012 Unitymedia KabelBW Dollar Senior Secured Notes and the December 2012 Unitymedia KabelBW Euro Senior Secured Notes, respectively) with the net proceeds from one or more specified equity offerings. At any time after December 14, 2013 but on or before December 14, 2014, Unitymedia Hessen and Unitymedia NRW may, following the completion of a UPC Exchange Transaction redeem all, but not less than all, of the December 2012 Unitymedia KabelBW Senior Secured Notes at a redemption price of 101% of the principal amount. At any time after December 14, 2014 but on or prior to December 14, 2017, Unitymedia Hessen and Unitymedia NRW may, following the completion of a UPC Exchange Transaction redeem all, but not less than all, of the December 2012 Unitymedia KabelBW Senior Secured Notes at a redemption price of 102% of the principal amount. Upon the occurrence of certain changes in tax law, Unitymedia Hessen and Unitymedia NRW may redeem all of the December 2012 Unitymedia KabelBW Senior Secured Notes at a price equal to the principal amount plus accrued and unpaid interest. Additionally, prior to January 15, 2018, during each 12-month period commencing on the issue date of the December 2012 Unitymedia KabelBW Senior Secured Notes, Unitymedia Hessen and Unitymedia NRW may redeem up to 10% of the principal amount of the December 2012 Unitymedia KabelBW Senior Secured Notes at a redemption price equal to 103% of the principal amount thereof plus accrued and unpaid interest to the date of redemption.

As of September 30, 2014, there was €1,291.8 million (euro equivalent) in aggregate principal amount of December 2012 Unitymedia KabelBW Senior Secured Notes outstanding.

It is expected that Unitymedia Hessen and Unitymedia NRW will redeem 10% of the €500 million principal amount of the December 2012 Unitymedia KabelBW Euro Senior Secured Notes at a redemption price equal to 103% of the principal amount thereof plus accrued and unpaid interest to the date of redemption as part of the March 2015 SSN Redemption.

January 2013 Unitymedia KabelBW Senior Secured Notes

On January 21, 2013, Unitymedia Hessen and Unitymedia NRW, as co-issuers, issued €500.0 million 5 ⅛% Senior Secured Notes due 2023 (the "**January 2013 Unitymedia KabelBW Senior Secured Notes**").

The January 2013 Unitymedia KabelBW Senior Secured Notes are guaranteed on a senior secured basis by the Issuer and the Guarantors (and any restricted subsidiary may accede to the indenture for the January 2013 Unitymedia KabelBW Senior Secured Notes as a guarantor). The Guarantors also guarantee or will guarantee the Existing Senior Notes and the Notes offered hereby on a senior subordinated basis (see "*Description of the Notes — Ranking of the Notes, Subsidiary Guarantees and Security*"). The January 2013 Unitymedia KabelBW Senior Secured Notes are secured by the Senior Debt Collateral that is or will be securing the other Existing Senior Secured Notes, the Unitymedia KabelBW Revolving Credit Facilities and certain hedging obligations. Pursuant to the terms of the Group Intercreditor Agreement described below, the proceeds of any enforcement of any shared Collateral (for the avoidance of doubt, excluding the capital stock of the Issuer) will be applied to repayment of the Unitymedia KabelBW Revolving Credit Facilities, the Existing Senior Secured Notes and certain hedging obligations prior to repayment of the Existing Senior Notes and the Notes. The January 2013 Unitymedia KabelBW Senior Secured Notes rank (i) *pari passu* in right of payment with any existing and future indebtedness of Unitymedia Hessen and Unitymedia NRW that is not subordinated to the January 2013 Unitymedia KabelBW Senior Secured Notes and (ii) senior in right of payment to any existing and future subordinated obligations of Unitymedia Hessen and Unitymedia NRW (including the Subsidiary Guarantees).

At any time prior to January 21, 2018 Unitymedia Hessen and Unitymedia NRW may redeem the January 2013 Unitymedia KabelBW Senior Secured Notes by paying a specified "make whole" premium. On or after January 21, 2018 Unitymedia Hessen and Unitymedia NRW may redeem some or all of the January 2013 Unitymedia KabelBW Senior Secured Notes at certain redemption prices (expressed as a percentage of the principal amount) plus accrued interest and unpaid interest and additional amounts, if any, to the applicable redemption date. In addition, at any time prior to January 21, 2016, Unitymedia Hessen and Unitymedia NRW may redeem up to 40% of the January 2013 Unitymedia KabelBW Senior Secured Notes (at a redemption price of 105.125% of the principal amount) with the net proceeds from one or more specified equity offerings. At any time on or after January 21, 2014 but on or before January 21, 2015, Unitymedia Hessen and Unitymedia NRW

may, following the completion of a UPC Exchange Transaction redeem all, but not less than all, of the January 2013 Unitymedia KabelBW Senior Secured Notes at a redemption price of 101% of the principal amount. At any time after January 21, 2015 but on or prior to January 21, 2018, Unitymedia Hessen and Unitymedia NRW may, following the completion of a UPC Exchange Transaction redeem all, but not less than all, of the January 2013 Unitymedia KabelBW Senior Secured Notes at a redemption price of 102% of the principal amount. Upon the occurrence of certain changes in tax law, Unitymedia Hessen and Unitymedia NRW may redeem all of the January 2013 Unitymedia KabelBW Senior Secured Notes at a price equal to the principal amount plus accrued and unpaid interest. Additionally, prior to January 21, 2018, during each 12-month period commencing on the issue date of the January 2013 Unitymedia KabelBW Senior Secured Notes, Unitymedia Hessen and Unitymedia NRW may redeem up to 10% of the principal amount of the January 2013 Unitymedia KabelBW Senior Secured Notes at a redemption price equal to 103% of the principal amount thereof plus accrued and unpaid interest to the date of redemption.

As of September 30, 2014, there was €500.0 million in aggregate principal amount of January 2013 Unitymedia KabelBW Senior Secured Notes outstanding. It is expected that Unitymedia Hessen and Unitymedia NRW will redeem 10% of the principal amount of the January 2013 Unitymedia Senior Secured Notes at a redemption price equal to 103% of the principal amount thereof plus accrued and unpaid interest to the date of redemption as part of the March 2015 SSN Redemption.

April 2013 Unitymedia KabelBW Senior Secured Notes

On April 16, 2013, Unitymedia Hessen and Unitymedia NRW, as co-issuers, issued €350.0 million 5 $^{5}/_{8}$% Senior Secured Notes due 2023 (the "**April 2013 Unitymedia KabelBW Senior Secured Notes**").

The April 2013 Unitymedia KabelBW Senior Secured Notes are guaranteed on a senior secured basis by the Issuer and the Guarantors (and any restricted subsidiary may accede to the indenture April 2013 Unitymedia KabelBW Senior Secured Notes as a guarantor). The Guarantors also guarantee or will guarantee the Existing Senior Notes and the Notes offered hereby on a senior subordinated basis (see "*Description of the Notes — Ranking of the Notes, Subsidiary Guarantees and Security*"). The April 2013 Unitymedia KabelBW Senior Secured Notes are secured by the Senior Debt Collateral that is or will be securing the other Existing Senior Secured Notes, the Unitymedia KabelBW Revolving Credit Facilities and certain hedging obligations. Pursuant to the terms of the Group Intercreditor Agreement described below, the proceeds of any enforcement of any shared Collateral (for the avoidance of doubt, excluding the capital stock of the Issuer) will be applied to repayment of the Unitymedia KabelBW Revolving Credit Facilities, the Existing Senior Secured Notes and certain hedging obligations prior to repayment of the Existing Senior Notes and the Notes. The April 2013 Unitymedia KabelBW Senior Secured Notes rank (i) *pari passu* in right of payment with any existing and future indebtedness of Unitymedia Hessen and Unitymedia NRW that is not subordinated to the April 2013 Unitymedia KabelBW Senior Secured Notes and (ii) senior in right of payment to any existing and future subordinated obligations of Unitymedia Hessen and Unitymedia NRW (including the Subsidiary Guarantees).

At any time prior to April 15, 2018 Unitymedia Hessen and Unitymedia NRW may redeem the April 2013 Unitymedia KabelBW Senior Secured Notes by paying a specified "make whole" premium. On or after April 15, 2018 Unitymedia Hessen and Unitymedia NRW may redeem some or all of the April 2013 Unitymedia KabelBW Senior Secured Notes at certain redemption prices (expressed as a percentage of the principal amount) plus accrued interest and unpaid interest and additional amounts, if any, to the applicable redemption date. In addition, at any time prior to April 15, 2018, Unitymedia Hessen and Unitymedia NRW may redeem up to 40% of the April 2013 Unitymedia KabelBW Senior Secured Notes (at a redemption price of 105.625% of the principal amount) with the net proceeds from one or more specified equity offerings. At any time after April 15, 2014 but on or prior to April 15, 2018, Unitymedia Hessen and Unitymedia NRW may, following the completion of a UPC Exchange Transaction redeem all, but not less than all, of the April 2013 Unitymedia KabelBW Senior Secured Notes at a redemption price of 101% if such redemption is on or before 24-month anniversary of the issue date and 102% if such redemption is after the 24- month anniversary of the issue date of the principal amount. Upon the occurrence of certain changes in tax law, Unitymedia Hessen and Unitymedia NRW may redeem all of the April 2013 Unitymedia KabelBW Senior Secured Notes at a price equal to the principal amount plus accrued and unpaid interest. Additionally, prior to April 15, 2018, during each 12-month period commencing on the issue date of the April 2013 Unitymedia KabelBW Senior Secured Notes, Unitymedia Hessen and Unitymedia NRW may redeem up to 10% of the principal amount of the April 2013 Unitymedia KabelBW Senior Secured Notes at a redemption price equal to 103% of the principal amount thereof plus accrued and unpaid interest to the date of redemption.

As of September 30, 2014, there was €350.0 million in aggregate principal amount of April 2013 Unitymedia KabelBW Senior Secured Notes outstanding. It is expected that Unitymedia Hessen and

Unitymedia NRW will redeem 10% of the principal amount of the April 2013 Unitymedia KabelBW Senior Secured Notes at a redemption price equal to 103% of the principal amount thereof plus accrued and unpaid interest to the date of redemption as part of the March 2015 SSN Redemption.

November 2013 Unitymedia KabelBW Senior Secured Notes

On November 21, 2013, Unitymedia Hessen and Unitymedia NRW, as co-issuers, issued €475.0 million 6 ¼% Senior Secured Notes due 2029 (the "**November 2013 Unitymedia KabelBW Senior Secured Notes**").

The November 2013 Unitymedia KabelBW Senior Secured Notes are guaranteed on a senior secured basis by the Issuer and the Guarantors (and any restricted subsidiary may accede to the indenture for the November 2013 Unitymedia KabelBW Senior Secured Notes as a guarantor). The Guarantors also guarantee or will guarantee the Existing Senior Notes and the Notes offered hereby on a senior subordinated basis (see "*Description of the Notes — Ranking of the Notes, Subsidiary Guarantees and Security*"). The November 2013 Unitymedia KabelBW Senior Secured Notes are secured by the Senior Debt Collateral that is or will be securing the other Existing Senior Secured Notes, the Unitymedia KabelBW Revolving Credit Facilities and certain hedging obligations. Pursuant to the terms of the Group Intercreditor Agreement described below, the proceeds of any enforcement of any shared Collateral (for the avoidance of doubt, excluding the capital stock of the Issuer) will be applied to repayment of the Unitymedia KabelBW Revolving Credit Facilities, the Existing Senior Secured Notes and certain hedging obligations prior to repayment of the Existing Senior Notes and the Notes. The November 2013 Unitymedia KabelBW Senior Secured Notes rank (i) *pari passu* in right of payment with any existing and future indebtedness of Unitymedia Hessen and Unitymedia NRW that is not subordinated to the November 2013 Unitymedia KabelBW Senior Secured Notes and (ii) senior in right of payment to any existing and future subordinated obligations of Unitymedia Hessen and Unitymedia NRW (including the Subsidiary Guarantees).

At any time prior to January 15, 2021 Unitymedia Hessen and Unitymedia NRW may redeem the November 2013 Unitymedia KabelBW Senior Secured Notes by paying a specified "make whole" premium. On or after January 15, 2021 Unitymedia Hessen and Unitymedia NRW may redeem some or all of the November 2013 Unitymedia KabelBW Senior Secured Notes at certain redemption prices (expressed as a percentage of the principal amount) plus accrued interest and unpaid interest and additional amounts, if any, to the applicable redemption date. In addition, at any time prior to January 15, 2017, Unitymedia Hessen and Unitymedia NRW may redeem up to 40% of the November 2013 Unitymedia KabelBW Senior Secured Notes (at a redemption price of 106.250% of the principal amount) with the net proceeds from one or more specified equity offerings. At any time after November 21, 2014 but on or prior to November 21, 2018, Unitymedia Hessen and Unitymedia NRW may, following the completion of a UPC Exchange Transaction redeem all, but not less than all, of the November 2013 Unitymedia KabelBW Senior Secured Notes at a redemption price of 101% if such redemption is on or before 24-month anniversary of the issue date and 102% if such redemption is after the 24-month anniversary of the issue date of the principal amount. Upon the occurrence of certain changes in tax law, Unitymedia Hessen and Unitymedia NRW may redeem all of the November 2013 Unitymedia KabelBW Senior Secured Notes at a price equal to the principal amount plus accrued and unpaid interest. Additionally, prior to January 15, 2021, during each 12-month period commencing on the issue date of the November 2013 Unitymedia KabelBW Senior Secured Notes, Unitymedia Hessen and Unitymedia NRW may redeem up to 10% of the principal amount of the November 2013 Unitymedia KabelBW Senior Secured Notes at a redemption price equal to 103% of the principal amount thereof plus accrued and unpaid interest to the date of redemption.

As of September 30, 2014, there was €475.0 million in aggregate principal amount of November 2013 Unitymedia KabelBW Senior Secured Notes outstanding.

2014 UM Senior Notes

On October 22, 2014, Unitymedia KabelBW issued $900.0 million 6 ⅛% Senior Notes due 2025 (the "**2014 UM Senior Notes**").

The 2014 UM Senior Notes are guaranteed on a senior subordinated basis by the Guarantors. The 2014 UM Senior Notes are secured by the same collateral securing the Notes offered hereby (see "*Description of the Notes — Ranking of the Notes, Subsidiary Guarantees and Security*"). The 2014 UM Senior Notes rank pari passu in right of payment with any existing and future indebtedness of Unitymedia KabelBW that is not subordinated to the 2014 UM Senior Notes, and senior in right of payment to any existing and future subordinated obligations of Unitymedia KabelBW.

At any time prior to January 15, 2020, Unitymedia KabelBW may redeem the 2014 UM Senior Notes by paying a specified "make whole" premium. On or after January 15, 2020 Unitymedia KabelBW may redeem some or all of the 2014 UM Senior Notes at certain redemption prices (expressed as a percentage of the principal amount) plus accrued interest and unpaid interest and additional amounts, if any, to the applicable redemption date. In addition, at any time prior to January 15, 2018 Unitymedia KabelBW may redeem up to 40% of the 2014 UM Senior Notes (at a redemption price of 106.125% of the principal amount) with the net proceeds from one or more specified equity offerings.

At any time after October 22, 2015, but on or before October 22, 2016, Unitymedia KabelBW may, following the completion of a UPC Exchange Transaction redeem all, but not less than all, of the 2014 UM Senior Notes at a redemption price of 101% of the principal amount. At any time after October 22, 2016 but on or prior to October 22, 2019, Unitymedia KabelBW may, following the completion of a UPC Exchange Transaction redeem all, but not less than all, of the 2014 UM Senior Notes at a redemption price of 102% of the principal amount. Upon the occurrence of certain changes in tax law, Unitymedia KabelBW may redeem all of the 2014 UM Senior Notes at a price equal to the principal amount plus accrued and unpaid interest.

December 2014 Unitymedia KabelBW Senior Secured Notes

On December 17, 2014, Unitymedia Hessen and Unitymedia NRW, as co-issuers, issued €1.0 billion 4% Senior Secured Notes due 2025 and $550.0 million 5% Senior Secured Notes due 2025.

The December 2014 Unitymedia KabelBW Senior Secured Notes are guaranteed on a senior secured basis by the Issuer and the Guarantors (and any restricted subsidiary may accede to the indenture for the December 2014 Unitymedia KabelBW Senior Secured Notes as a guarantor). The Guarantors also guarantee or will guarantee the Existing Senior Notes and the Notes offered hereby on a senior subordinated basis (see "*Description of the Notes — Ranking of the Notes, Subsidiary Guarantees and Security*"). The December 2014 Unitymedia KabelBW Senior Secured Notes are secured by the Senior Debt Collateral that is or will be securing the other Existing Senior Secured Notes, the Unitymedia KabelBW Revolving Credit Facilities and certain hedging obligations. Pursuant to the terms of the Group Intercreditor Agreement described below, the proceeds of any enforcement of any shared Collateral (for the avoidance of doubt, excluding the capital stock of the Issuer) will be applied to repayment of the Unitymedia KabelBW Revolving Credit Facilities, the Existing Senior Secured Notes and certain hedging obligations prior to repayment of the Existing Senior Notes and the Notes. The December 2014 Unitymedia KabelBW Senior Secured Notes rank (i) *pari passu* in right of payment with any existing and future indebtedness of Unitymedia Hessen and Unitymedia NRW that is not subordinated to the December 2014 Unitymedia KabelBW Senior Secured Notes and (ii) senior in right of payment to any existing and future subordinated obligations of Unitymedia Hessen and Unitymedia NRW (including the Subsidiary Guarantees).

At any time prior to January 15, 2020, Unitymedia Hessen and Unitymedia NRW may redeem the December 2014 Unitymedia KabelBW Senior Secured Notes by paying a specified "make whole" premium. On or after January 15, 2020 Unitymedia Hessen and Unitymedia NRW may redeem some or all of the December 2014 Unitymedia KabelBW Senior Secured Notes at certain redemption prices (expressed as a percentage of the principal amount) plus accrued interest and unpaid interest and additional amounts, if any, to the applicable redemption date. In addition, at any time prior to January 15, 2018, Unitymedia Hessen and Unitymedia NRW may redeem up to 40% of the December 2014 Unitymedia KabelBW Dollar Senior Secured Notes (at a redemption price of 105.000% of the principal amount of the December 2014 Unitymedia KabelBW Dollar Senior Secured Notes) and of the December 2014 Unitymedia KabelBW Euro Senior Secured Notes (at a redemption price of 104.000% of the principal amount of the December 2014 Unitymedia KabelBW Euro Senior Secured Notes) with the net proceeds from one or more specified equity offerings. At any time after December 17, 2015 but on or prior to December 17, 2016, Unitymedia Hessen and Unitymedia NRW may, following the completion of a UPC Exchange Transaction redeem all, but not less than all, of the December 2014 Unitymedia KabelBW Senior Secured Notes at a redemption price of 101% of the principal amount. At any time after December 17, 2016 but on or prior to December 17, 2019, Unitymedia Hessen and Unitymedia NRW may, following the completion of a UPC Exchange Transaction redeem all, but not less than all, of the December 2014 Unitymedia KabelBW Senior Secured Notes at a redemption price of 102% of the principal amount. Upon the occurrence of certain changes in tax law, Unitymedia Hessen and Unitymedia NRW may redeem all of the December 2014 Unitymedia KabelBW Senior Secured Notes at a price equal to the principal amount plus accrued and unpaid interest. Additionally, prior to January 15, 2020, during each 12-month period commencing on the issue date of the December 2014 Unitymedia KabelBW Senior Secured Notes, Unitymedia Hessen and Unitymedia NRW may redeem up to 10% of the principal amount of the December 2014 Unitymedia KabelBW Senior Secured Notes at a redemption price equal to 103% of the principal amount thereof plus accrued and unpaid interest to the date of redemption.

March 2015 Unitymedia KabelBW Senior Secured Notes

On February 25, 2014, Unitymedia Hessen and Unitymedia NRW entered into a purchase agreement with certain initial purchasers party thereto, pursuant to which Unitymedia Hessen and Unitymedia NRW, as co-issuers, are expected to issue €500 million 3 ½% Senior Secured Notes due 2027 (the "**March 2015 Unitymedia KabelBW Senior Secured Notes**"). Closing of the March 2015 Unitymedia KabelBW Senior Secured Notes offering is expected to occur on or around March 11, 2015, and is subject to customary closing conditions precedent.

The March 2015 Unitymedia KabelBW Senior Secured Notes are guaranteed on a senior secured basis by the Guarantors (and any restricted subsidiary that may accede to the indenture that will govern the March 2015 Unitymedia KabelBW Senior Secured Notes as a guarantor). The Guarantors also guarantee or will guarantee the Existing Senior Notes and the Notes offered hereby on a senior subordinated basis (see "*Description of the Notes — Ranking of the Notes, Subsidiary Guarantees and Security*"). The March 2015 Unitymedia KabelBW Senior Secured Notes are secured by the Senior Debt Collateral that is or will be securing the other Existing Senior Secured Notes, the Unitymedia KabelBW Revolving Credit Facilities and certain hedging obligations. Pursuant to the terms of the Group Intercreditor Agreement described below, the proceeds of any enforcement of any shared Collateral (for the avoidance of doubt, excluding the capital stock of the Issuer) will be applied to repayment of the Unitymedia KabelBW Revolving Credit Facilities, the Existing Senior Secured Notes and certain hedging obligations prior to repayment of the Existing Senior Notes and the Notes. The March 2015 Unitymedia KabelBW Senior Secured Notes rank (i) *pari passu* in right of payment with any existing and future indebtedness of Unitymedia Hessen and Unitymedia NRW that is not subordinated to the March 2015 Unitymedia KabelBW Senior Secured Notes and (ii) senior in right of payment to any existing and future subordinated obligations of Unitymedia Hessen and Unitymedia NRW (including the Subsidiary Guarantees).

At any time prior to January 15, 2021, Unitymedia Hessen and Unitymedia NRW may redeem the March 2015 Unitymedia KabelBW Senior Secured Notes by paying a specified "make whole" premium. On or after January 15, 2021 Unitymedia Hessen and Unitymedia NRW may redeem some or all of the March 2015 Unitymedia KabelBW Senior Secured Notes at certain redemption prices (expressed as a percentage of the principal amount) plus accrued interest and unpaid interest and additional amounts, if any, to the applicable redemption date. In addition, at any time prior to January 15, 2018, Unitymedia Hessen and Unitymedia NRW may redeem up to 40% of the March 2015 Unitymedia KabelBW Senior Secured Notes (at a redemption price of 103.500% of the principal amount of the March 2015 Unitymedia KabelBW Senior Secured Notes) with the net proceeds from one or more specified equity offerings. At any time after March 11, 2016 but on or prior to March 11, 2017, Unitymedia Hessen and Unitymedia NRW may, following the completion of a UPC Exchange Transaction redeem all, but not less than all, of the March 2015 Unitymedia KabelBW Senior Secured Notes at a redemption price of 101% of the principal amount. At any time after March 11, 2017 but on or prior to March 11, 2020, Unitymedia Hessen and Unitymedia NRW may, following the completion of a UPC Exchange Transaction redeem all, but not less than all, of the March 2015 Unitymedia KabelBW Senior Secured Notes at a redemption price of 102% of the principal amount. Upon the occurrence of certain changes in tax law, Unitymedia Hessen and Unitymedia NRW may redeem all of the March 2015 Unitymedia KabelBW Senior Secured Notes at a price equal to the principal amount plus accrued and unpaid interest. Additionally, prior to January 15, 2021, during each 12-month period commencing on the issue date of the March 2015 Unitymedia KabelBW Senior Secured Notes, Unitymedia Hessen and Unitymedia NRW may redeem up to 10% of the principal amount of the March 2015 Unitymedia KabelBW Senior Secured Notes at a redemption price equal to 103% of the principal amount thereof plus accrued and unpaid interest to the date of redemption.

Intercreditor Agreements

Holdco Intercreditor Agreement

UPC Germany Holding B.V. as Holdco ("**Holdco**"), the Issuer, the Trustee, The Bank of New York Mellon, London Branch as Unitymedia KabelBW Senior Exchange Notes trustee and Credit Suisse AG, London Branch as Security Trustee (the "**Holdco Security Trustee**") entered into an intercreditor agreement (the "**Holdco Intercreditor Agreement**) that ranks the Notes equally with the 2014 UM Senior Notes and provides that they will share equally in recoveries pursuant to enforcement of the Issuer Share Pledge and any other share pledges over the Issuer's capital stock (the "**Holdco Security**").

Priorities

The Holdco Intercreditor Agreement provides that (i) the Notes and other Issuer Debt (as defined below) rank in right and priority of payment *pari passu* and without any preference between the creditors of the Issuer Debt (the "**Holdco Creditors**") and (ii) the Holdco Security rank and secure the Issuer Debt *pari passu* and without any preference between the Holdco Creditors.

The "**Issuer Debt**" means all indebtedness and other liabilities of the Issuer to (a) the holders of the Notes, the holders of the 2014 UM Senior Notes and any other holders of notes issued under a Note Indenture (as defined below) and that are designated as "Debt" under the Holdco Intercreditor Agreement (in this section the "**Noteholders**"), (b) each note trustee ("**Note Trustee**") under the Indenture, the indenture in relation to the 2014 UM Senior Notes and any other indenture governing notes that may in the future be issued by the Issuer and that are designated as "Debt" under the Holdco Intercreditor Agreement (each a "**Note Indenture**"), (c) the Holdco Security Trustee in its capacity as security trustee for the Issuer Debt, (d) any lender to the Issuer of indebtedness that is entitled to benefit from the Holdco Security and that is designated as "Debt" under the Holdco Intercreditor Agreement and (e) any agent, trustee or similar representative of any of the foregoing ("**Other Representative**").

Holdco Instructing Group

The Holdco Creditors that control, among other things, voting and enforcement of Holdco Security with respect to and under the Holdco Intercreditor Agreement are Holdco Creditors whose share in outstanding Issuer Debt and undrawn commitments in relation to Issuer Debt represent more than 50% of the total outstanding Issuer Debt and undrawn commitments in relation to Issuer Debt at that time (the "**Holdco Instructing Group**").

Enforcement

The Holdco Security Trustee may refrain from enforcing the Holdco Security unless instructed otherwise by the Holdco Instructing Group and may require the provision of an indemnity or security satisfactory to it for any costs, claims, expenses, liability or loss which it may incur.

Subject to the Holdco Security having become enforceable, the Holdco Instructing Group may give or refrain from giving instructions to the Holdco Security Trustee to enforce or refrain from enforcing the Holdco Security as they see fit.

No Holdco Creditor will have any independent power to enforce, or to have recourse to, any Holdco Security or to exercise any rights or powers arising under the documentation that creates the Holdco Security except through the Holdco Security Trustee.

The Holdco Security Trustee will enforce the Holdco Security (if then enforceable) in such manner as the Holdco Instructing Group instructs.

Releases

If a disposal of any asset is being effected pursuant to enforcement action in relation to the Holdco Security, the Holdco Security Trustee is irrevocably authorized (at the cost of the Issuer):

(a) to release the Holdco Security;

(b) if the asset which is disposed of consists of shares in the capital of the Issuer or any of its subsidiaries which are subject to the Holdco Security, to release the Issuer and its subsidiaries from all present and future obligations under the documentation in relation to the Issuer Debt (the "**Issuer Finance Documents**").

If at any time the release of any Holdco Security is permitted under the Issuer Finance Documents, following a request from the Issuer, the Holdco Security Trustee is irrevocably authorized to release that Holdco Security under the relevant Issuer Finance Documents.

Application of Proceeds

All amounts received or recovered by the Holdco Security Trustee in connection with the realization or enforcement of all or any part of the Holdco Security or otherwise paid to the Holdco Security Trustee under the Holdco Intercreditor Agreement shall be applied in the following order:

- first, in payment *pari passu* and pro rata of (i) the fees, costs, expenses and liabilities (and all interest thereon as provided in the Issuer Finance Documents) of the Holdco Security Trustee and (ii) certain amounts due to any Note Trustee or Other Representative or any receiver attorney or agent appointed by any of them for its own account;
- second, in payment *pari passu* and pro rata of the costs and expenses of each Holdco Creditor in connection with the enforcement;
- third, in payment *pari passu* and pro rata to the Note Trustees and Other Representatives for application towards the Issuer Debt; and
- fourth, in payment of the surplus (if any) to Holdco or any other person entitled to it.

Turnover

If any Holdco Creditor receives or recovers any proceeds from the enforcement of Holdco Security in contravention of the terms of the Holdco Intercreditor Agreement, it is required to notify the Holdco Security Trustee, hold such payment on trust for the Holdco Creditors and, upon demand, pay over the amount of such proceeds to the Holdco Security Trustee for application in accordance with the order of application set forth above under "— *Application of Proceeds*".

Loss Sharing

If any Holdco Creditor (a "**Recovering Creditor**") recovers any amount with respect to proceeds from the enforcement of Holdco Security (a "**Recovery**") from the Issuer following any acceleration action in relation to any Issuer Debt other than by reason of a payment from the Holdco Security Trustee in accordance with the order of application set forth above under "— *Application of Proceeds*", then other than in respect of fees, expenses and any amounts payable to a Notes Trustee personally by way of indemnity (a) the Recovering Creditor must supply details of the Recovery to the Holdco Security Trustee, (b) the Holdco Security Trustee must calculate whether the Recovery is in excess of the amount (the amount of the excess being the "**Recovery Excess**") which the Recovering Creditor would have received if the Recovery had been applied in accordance with the order of application set forth above under "— *Application of Proceeds*", (c) the Recovering Creditor must pay to the Holdco Security Trustee an amount equal to the Recovery Excess, (d) the Holdco Security Trustee must apply the Recovery Excess in accordance with the order of application set forth above under "— *Application of Proceeds*" and (e) the Recovering Creditor will be subrogated to the rights of the Holdco Creditors which have shared in that Recovery Excess.

If any Issuer Debt remains undischarged and any resulting losses are not being borne by the Holdco Creditors pro rata to the amount which their respective shares in the outstanding Issuer Debt and undrawn commitments in relation to the Issuer Debt bore to the aggregate of all the outstanding Issuer Debt and undrawn commitments in relation to the Issuer Debt, respectively, on the date of any acceleration action in relation to any Issuer Debt, the Holdco Creditors will make such payments from any proceeds of the enforcement of Holdco Security between themselves as the Holdco Security Trustee requires to ensure that such losses are borne by the Holdco Creditors pro rata provided that (a) the Note Trustee to the extent it holds any such proceeds for the benefit of the Noteholders shall be required to make such payments but the Noteholders will not be required to make such payments to the extent that they have received such proceeds and (b) the Note Trustee shall be entitled to retain any such proceeds in an amount equal to the amount of any outstanding fees, expenses and any amounts payable to it personally by way of indemnity.

Amendments

Subject to the provisions below, the Holdco Intercreditor Agreement may be amended or waived only with the consent of the Issuer, each Note Trustee and each Other Representative (in each case, to the extent required by, and in accordance with, the Issuer Finance Documents).

An amendment or waiver to the Holdco Intercreditor Agreement which relates to the rights or obligations of the Holdco Security Trustee may not be effected without the consent of the Holdco Security Trustee.

To the extent that any amendment of the Holdco Intercreditor Agreement only affects the rights and obligations of one or more parties or a class of parties and could not reasonably be expected to be adverse to the interests of other parties or another class of parties, only the parties affected by that amendment or waiver must agree to that amendment or waiver.

The Issuer and the Holdco Security Trustee may amend the Holdco Intercreditor Agreement without the consent of the other parties to cure defects, resolve ambiguities or reflect changes of a minor, technical or administrative nature.

If any of the Issuer Debt is, or is proposed to be, discharged in whole or in part from the proceeds of a permitted issue of debt or equity securities, the relevant parties will enter into an amendment agreement to the Holdco Intercreditor Agreement, or as the case may be a separate agreement on substantially the same terms as the relevant provisions of the Holdco Intercreditor Agreement. That agreement will provide that the holders of any such securities that are debt securities benefit from the same rights in relation to the Holdco Security and guarantees as the Holdco Creditors.

Governing Law

The Holdco Intercreditor Agreement is governed by and is to be construed in accordance with English law.

Group Intercreditor Agreement

The obligors under the 2009 UM Senior Notes, the 2009 UM Euro Senior Secured Notes, the senior secured revolving credit facility entered into on December 21, 2009 among, inter alios, Unitymedia, as borrower (and thereafter assumed by Unitymedia Hessen and Unitymedia NRW), Credit Suisse AG, London Branch, as facility agent and as security agent, and certain banks and financial institutions as lenders, as amended or supplemented from time to time (the "**2009 Unitymedia Revolving Credit Facility**") and certain counterparties to hedging obligations relating to the foregoing entered into an intercreditor agreement (the "**Group Intercreditor Agreement**"), dated November 20, 2009, with the creditors of the 2009 Unitymedia Revolving Credit Facility, creditors under certain hedging agreements, the trustee for the 2009 UM Senior Notes (the "**2009 UM Senior Notes Trustee**") on behalf of the holders of the 2009 UM Senior Notes, the trustee for the 2009 UM Euro Senior Secured Notes (the "**2009 UM Euro Senior Secured Notes Trustee**") on behalf of the holders of the 2009 UM Euro Senior Secured Notes, certain Investors (upon accession), Credit Suisse, London Branch, as security trustee (the "**Security Trustee**"), and Credit Suisse, London Branch, as senior facility agent (the "**Senior Facility Agent**"). The facility agent for the senior secured revolving credit facility entered into on May 1, 2012 (as amended by an amendment letter dated August 28, 2012) among, inter alios, Unitymedia Hessen, as borrower, The Bank of Nova Scotia, as facility agent, Credit Suisse AG, London Branch as security agent, and certain banks and financial institutions as lenders, as amended or supplemented from time to time (the "**2012 Unitymedia KabelBW Revolving Credit Facility**") on behalf of the creditors of the 2012 Unitymedia KabelBW Revolving Credit Facility, the trustee for the Unitymedia KabelBW Senior Exchange Notes (the "**Senior Exchange Notes Trustee**") on behalf of the holders of the Unitymedia KabelBW Senior Exchange Notes, the trustee for the Unitymedia KabelBW Senior Secured Exchange Notes (the "**Senior Secured Exchange Notes Trustee**") on behalf of the holders of the Unitymedia KabelBW Senior Secured Exchange Notes, the trustee for the September 2012 Unitymedia KabelBW Senior Secured Notes (the "**September 2012 Senior Secured Notes Trustee**") on behalf of the holders of the September 2012 Unitymedia KabelBW Senior Secured Notes, the trustee for the December 2012 Unitymedia KabelBW Senior Secured Notes (the "**December 2012 Senior Secured Notes Trustee**") on behalf of the holders of the December 2012 Unitymedia KabelBW Senior Secured Notes, the trustee for the January 2013 Unitymedia KabelBW Senior Secured Notes (the "**January 2013 Senior Secured Notes Trustee**") on behalf of the holders of the January 2013 Unitymedia KabelBW Senior Secured Notes, the trustee for the April 2013 Unitymedia KabelBW Senior Secured Notes (the "**April 2013 Senior Secured Notes Trustee**") on behalf of the holders of the April 2013 Unitymedia KabelBW Senior Secured Notes, the trustee for the November 2013 Unitymedia KabelBW Senior Secured Notes (the "**November 2013 Senior Secured Notes Trustee**") on behalf of the holders of the November 2013 Unitymedia KabelBW Senior Secured Notes, the trustee for the 2014 UM Senior Notes (the "**October 2014 Senior Notes Trustee**") on behalf of the holders of the 2014 UM Senior Notes, the facility agent for the Super Senior Revolving Credit Facility on behalf of the Creditors of the Super Senior Revolving Credit Facility and the facility agent for the Senior Revolving Credit Facility on behalf of the Creditors of the Senior Revolving Credit Facility acceded to the Group Intercreditor Agreement. Upon the issuance of the March 2015 Unitymedia KabelBW Senior Secured Notes, the trustee for the March 2015 Unitymedia KabelBW Senior

Secured Notes on behalf of the holders of the March 2015 Unitymedia KabelBW Senior Secured Notes will accede to the Intercreditor Agreement. Upon the issuance of the Notes offered hereby, the Trustee (together with the 2009 UM Euro Senior Secured Notes Trustee, the 2009 UM Senior Notes Trustee, the Senior Exchange Note Trustee, the Senior Secured Exchange Note Trustee, the September 2012 Senior Secured Notes Trustee, the December 2012 Senior Secured Notes Trustee, the January 2013 Senior Secured Notes Trustee, the April 2013 Senior Secured Notes Trustee and the November 2013 Senior Secured Notes Trustee, the "**Existing Notes Trustees**") will accede to the Group Intercreditor Agreement.

The Notes are designated by the Issuer as "Senior Subordinated Debt" in accordance with the terms of the Group Intercreditor Agreement. Upon accession to the Group Intercreditor Agreement by the Trustee, the Notes will enjoy the same rights and priorities as the Existing Senior Notes as are currently outstanding (i.e., the Notes are treated the same as the Existing Senior Notes). In order to understand how the Notes, holders of Notes and representatives of holders of Notes are treated under the Group Intercreditor Agreement, you should refer to references to "Senior Subordinated Notes" as well as "Senior Subordinated Debt" contained in the Group Intercreditor Agreement and the references to the Existing Senior Notes and Senior Subordinated Debt (as applicable) contained in this description of the Group Intercreditor Agreement.

The Group Intercreditor Agreement provides that future indebtedness may be incurred by Unitymedia and its subsidiaries, subject to the terms of the Group Intercreditor Agreement and the finance documents relating to the Existing Senior Secured Notes, the Existing Senior Notes, the Super Senior Revolving Credit Facility, the Senior Revolving Credit Facility and the Notes. Future Super Priority Debt may, however, only be in the form of a revolving credit facility that is a working capital facility or hedging indebtedness to the extent permitted by the terms of the indentures relating to the Notes offered hereby, the Existing Senior Notes and the Existing Senior Secured Notes.

For purposes of the Group Intercreditor Agreement, the creditors of each class of debt vote together and a representative trustee or agent of debt within that class of debt (a "**Representative**") may act on the instructions of the majority of creditors of that class of debt (or, in the case of the Super Priority Debt, on the instructions of 66 ⅔% of creditors of that class of debt) (a "Relevant Majority"). For example, in a vote of the creditors of Senior Debt (as defined below) (the "Senior Creditors"), the lenders under the Senior Revolving Credit Facility, the holders of the 2009 UM Euro Senior Secured Notes, the Unitymedia KabelBW Senior Secured Exchange Notes, the September 2012 Unitymedia KabelBW Senior Secured Notes, the December 2012 Unitymedia KabelBW Senior Secured Notes and the January 2013 Unitymedia KabelBW Senior Secured Notes vote with the creditors of any future Senior Debt and the Facility Agent under the Senior Revolving Credit Facility, the 2009 UM Euro Senior Secured Notes Trustee, the Senior Secured Exchange Notes Trustee, the September 2012 Senior Secured Notes Trustee, the December 2012 Senior Secured Notes Trustee, the January 2013 Senior Secured Notes, the April 2013 Senior Secured Notes Trustee, the November 2013 Senior Secured Notes Trustee and the Trustee may act on behalf of the Relevant Majority of the Senior Creditors if so instructed. Accordingly, the Group Intercreditor Agreement provides for the accession to the agreement of creditors of future indebtedness without the need for consent of the holders of the Existing Notes or the Notes or the lenders under the Senior Revolving Credit Facility. Further, except as provided therein, the Group Intercreditor Agreement provides that no Obligor (as defined below) or any subsidiary of an Obligor may make payments on the Existing Senior Notes without consent if, two days prior to the date of payment, a default resulting from the failure to pay amounts due in connection with the Existing Senior Secured Notes, the Super Senior Revolving Credit Facility, or the Senior Revolving Credit Facility or hedging indebtedness is outstanding, or a Stop Notice (as defined below) has been served and is in force.

Order of Priority

Priority of Debts

The Group Intercreditor Agreement will provide for the following order of priority to apply to the satisfaction of the obligations of Unitymedia Hessen, Unitymedia NRW, Unitymedia Management, Unitymedia Verwaltung, UPC Germany Newco, KBW and any future obligors under indebtedness that is subject to the terms of the Group Intercreditor Agreement (other than any indebtedness owed by Unitymedia) (each, an "**Obligor**"):

- first, all money and liabilities now or in the future due, owing or incurred under the Super Senior Revolving Credit Facility (including the guarantees thereof) (the "**RCF Debt**") and permitted hedging indebtedness (including the guarantees thereof) (the "**Hedging Debt**" and together, with such debt as may finance the foregoing, the "**Super Priority Debt**"), and all money and liabilities now or in the future due, owing or incurred under the Senior Revolving Credit Facility (including

the guarantees thereof), all money and liabilities now or in the future due, owing or incurred under the Existing Senior Secured Notes and the guarantees relating to the Existing Senior Secured Notes, and all other money and liabilities now or in the future due, owing or incurred that is designated in accordance with the terms of the Group Intercreditor Agreement as Senior Debt (the "**Senior Debt**" and together with the Super Priority Debt, the "**Senior Secured Debt**"), without any preference among them;

- second, the guarantees relating to the Existing Senior Notes and all other money and liabilities now or in the future due, owing or incurred that is designated in accordance with the terms of the Group Intercreditor Agreement as Senior Subordinated Debt (collectively, the "**Senior Subordinated Debt**");
- third, intercompany debt (which consists of all liabilities now or in the future due, owing or incurred by any Obligor to Unitymedia or any of its subsidiaries (collectively, the "**Senior Group**") (the "**Intercompany Debt**"); and
- fourth, investor debt (which consists of all liabilities now or in the future due, owing or incurred by any Obligor to any investor or any shareholder in Unitymedia or any of its affiliates that is not a member of the Senior Group under or in connection with the investor debt documents) (the "**Investor Debt**" and together with the Intercompany Debt, the "**Subordinated Debt**").

The Group Intercreditor Agreement also provides for the following order of priority to apply to the satisfaction of the obligations of Unitymedia:

- first, all money and liabilities now or in the future due, owing or incurred under Senior Secured Debt and the obligations of Unitymedia under Senior Subordinated Debt without any preference among them;
- second, intercompany debt (which consists of all liabilities now or in the future due, incurred by Unitymedia); and
- third, investor debt (which consists of all liabilities now or in the future due, owing or incurred by Unitymedia to any investor or any shareholder in Unitymedia or any of its affiliates that is not a member of the Senior Group under or in connection with the investor debt documents).

Priority of Security

The Group Intercreditor Agreement provides that security granted to secure the Senior Secured Debt and/or the Senior Subordinated Debt (other than the pledge of the capital stock of Unitymedia) (the "**Security**") ranks in right and priority of payment in the following order:

- first, all money and liabilities now or in the future due, owing or incurred under the RCF Debt, Hedging Debt and any Senior Debt, provided that the Super Priority Debt will be repaid (pari passu, without any preference between such debt) prior to the repayment of any Senior Debt (pari passu, without any preference between such debt); and
- second, the debt under the UM Senior Notes and any other Senior Subordinated Debt (pari passu, without any preference between such debt).

The share pledges over the shares of Unitymedia that secure or will secure the obligations under the Notes and the Existing Senior Notes do not constitute "Security" for purposes of the Group Intercreditor Agreement.

Restrictions

Subject to certain limited exceptions and subject to the provisions set forth under "— *Permitted Payments; Suspension of Permitted Payments*" and "— *Limitations on Enforcement*" below, while any Senior Secured Debt is outstanding, the Group Intercreditor Agreement restricts (to the extent not otherwise (i) permitted by each of the Super Senior Revolving Credit Facility, the Senior Revolving Credit Facility. the indentures governing the Existing Senior Secured Notes, the Notes, the Existing Senior Notes or (ii) consented to by the relevant Representative of each the Super Priority Debt, Senior Debt and, to the extent relevant, the Senior Subordinated Debt), among other things:

- the ability of the Obligors and their subsidiaries to create or permit to exist any security interest over any of their assets for any debt owed to the creditors of Senior Subordinated Debt (the "Senior Subordinated Creditors") and the creditors of Subordinated Debt (the "Subordinated Creditors");

- the ability of the Obligors and their subsidiaries to pay, purchase, redeem or acquire any of the Senior Subordinated Debt or Subordinated Debt, or otherwise to provide financial support in relation to such liabilities, except in respect of any Senior Subordinated Debt in connection with any such payment or acquisition of any Senior Subordinated Debt by Unitymedia; and
- the ability of the creditors of the Senior Subordinated Debt and Subordinated Debt to enforce the Senior Subordinated Debt and the Subordinated Debt and the security relating thereto, to demand or receive payments toward the discharge of any Senior Subordinated Debt or Subordinated Debt or to apply money or property toward the discharge of any Senior Subordinated Debt or Subordinated Debt.

In addition, the Group Intercreditor Agreement provides that the Security and guarantees relating to the Senior Secured Debt and the Senior Subordinated Debt will be released in certain circumstances. Moreover, certain proceeds received by the Senior Creditors, the Senior Subordinated Creditors or the Subordinated Creditors must be turned over to the Security Trustee pursuant to the Group Intercreditor Agreement for application in accordance with the Group Intercreditor Agreement (as described under "— *Turnover*" below).

For the avoidance of doubt, the above restrictions will not be applicable with respect to any obligations of Unitymedia under or with respect to the Existing Senior Notes.

Limitation of Credit Support

Pursuant to the Group Intercreditor Agreement, the Obligors will be prohibited from granting any security in favor of any Senior Secured Debt unless that security is given in favor of the Security Trustee to hold for the benefit of all other Senior Secured Debt. The Obligors are also prohibited from granting any security in favor of the Senior Subordinated Debt or the Subordinated Debt except (in respect of the Senior Subordinated Debt) for security that is permitted under the indentures governing the Senior Secured Notes and given in favor of the Security Trustee to hold for the benefit of all other Senior Secured Debt, and other security agreed by the Relevant Majority of the Super Priority Creditors and the Relevant Majority of the Senior Creditors or otherwise required by the relevant debt documents. The Group Intercreditor Agreement will regulate the ranking of the various pledges granted by Unitymedia and its subsidiaries over their respective equity interests in any entity in which they may from time to time hold an equity interest, in favor of the Security Trustee and the relevant Representatives (as co-creditors) as evidenced on closing by the various pledge agreements. In addition, the Group Intercreditor Agreement will limit the giving of guarantees in support of Senior Subordinated Debt or the Subordinated Debt, except for guarantees originally provided for, or otherwise required by, the applicable indenture.

Permitted Payments; Suspension of Permitted Payments

Prior to the discharge date for the Senior Secured Debt, no Obligor may pay, whether in cash or in kind, any amount of Senior Subordinated Debt; unless (i) (if prior to the discharge date of the Super Priority Debt) the Representative representing the Relevant Majority of the Super Priority Debt and (if prior to the discharge date of the Senior Debt) the Representative representing the Relevant Majority of the Senior Debt agree or (ii) each of the following conditions is satisfied: (a) the payment is either (1) a Permitted Payment (as defined below) or (2) is not otherwise prohibited under the terms of the Senior Secured Debt finance documents; (b) on the date falling two days prior to the date of payment, there is no outstanding payment default with respect to the Senior Secured Debt, and (c) no Stop Notice is outstanding. A Stop Notice is in force during the period from the date on which a Representative with respect to any Senior Secured Debt serves a notice (a "Stop Notice") on the respective issuer and the relevant trustee that an event of default is outstanding under a Super Priority Debt document or Senior Debt document and suspending payment of the Senior Subordinated Debt until the earliest of (i) the date 179 days after the giving of the Stop Notice, (ii) if a Standstill Period (as defined below) is in effect at the time of delivery of the Stop Notice, the date on which that Standstill Period expires, (iii) the date on which the event of default under the relevant Super Priority Debt document or Senior Debt document is cured, remedied, waived or otherwise ceases to be outstanding, (iv) the date on which each Representative that served the Stop Notice cancels such Stop Notice, (v) the date on which the creditors with respect to the Senior Subordinated Debt takes enforcement action in accordance with, and as permitted by, the Group Intercreditor Agreement, and (vi) the date the Senior Secured Debt is no longer outstanding. The Stop Notice is to be issued within 45 days of receipt of notice of such default and only one such notice may be served within any 360 day period and not more than one Stop Notice may be served in respect of the same event or set of circumstances. The issuance of a Stop Notice is subject to certain other limitations set forth in the Group Intercreditor Agreement such as timing considerations, administrative considerations and certain other procedural

requirements. Notwithstanding the forgoing, the 2014 UM Senior Notes Trustee and the Trustee will be entitled to receive and retain amounts payable for its own account.

For purposes of the Group Intercreditor Agreement, "Permitted Payments" is defined to include certain customary permitted payments which include scheduled payments of interest; additional amounts payable pursuant to the agreements governing Senior Subordinated Debt (including the Existing Senior Notes); fees, costs, expenses and taxes incurred in respect of the issuance and offering of any Senior Subordinated Debt or the ordinary day-to-day administration of the any Senior Subordinated Debt; principal amount of any Senior Subordinated Debt upon or after their originally scheduled maturity; any other amount not exceeding an agreed amount in any 12-month period; note trustee amounts and note security costs; certain permitted defeasance trust payments; funded from the proceeds of issuance of, or exchanged for or converted into certain defined permitted junior securities; any other amounts consented to by the Representatives of each of the Super Priority Debt and Senior Debt.

Limitations on Enforcement

The Senior Subordinated Creditors and the Subordinated Creditors will not (without the consent of the Representative of the Relevant Majority of the Super Priority Creditors and the Representative of the Relevant Majority of the Senior Creditors or unless otherwise permitted under the Group Intercreditor Agreement) be permitted, while the Senior Secured Debt is outstanding, to (i) demand payment of any Senior Subordinated Debt or Subordinated Debt, (ii) accelerate any of the Senior Subordinated Debt or Subordinated Debt or otherwise declare any of the Senior Subordinated Debt or Subordinated Debt prematurely due or payable on an event of default or otherwise, (iii) enforce any of the Senior Subordinated Debt or Subordinated Debt by attachment, set- off, execution or otherwise, (iv) (in the case of the Senior Subordinated Creditors) enforce (or give instructions to the Security Trustee to enforce) the Security relating to the Senior Subordinated Debt, (v) petition for (or vote in favor of any resolution for), initiate, support or take any steps with a view to any insolvency or any voluntary arrangement or assignment for the benefit of creditors or any similar proceedings involving an Obligor, (vi) sue or bring or support any legal proceedings against any Obligor (or any of its subsidiaries) or (vii) otherwise exercise any remedy for the recovery of any Senior Subordinated Debt or Subordinated Debt; provided that the following shall not constitute a prohibited enforcement actions (a) the taking of any action necessary to preserve the validity and existence of claims (including the registration of such claims before any court or governmental authority or administrator); (b) the taking of any action against any creditor to challenge the basis on which any sale or disposal is to take place pursuant to powers granted to such persons under any security document; (c) the bringing of proceedings solely for injunctive relief to restrain any actual or punitive breach of the agreements governing any Senior Subordinated Debt or any Senior Subordinated Debt and security documents; or (d) legal proceedings or allegations against any person in connection with violations of securities laws or securities or listing regulations or fraud.

Despite the limitations on enforcement discussed above, while the Senior Secured Debt is outstanding, the Senior Subordinated Creditors will be permitted under the Group Intercreditor Agreement to take any of the actions that would otherwise be prohibited, provided that (i) payment of any of the Senior Secured Debt has been accelerated, or liabilities under such debt have been declared prematurely due and payable or payable on demand (and demand has been made), in each case under the relevant debt documents, or the Representative of the Relevant Majority of the Super Priority Creditors or the Representative of the Relevant Majority of the Senior Creditors has taken any enforcement action under the security documentation relating to such debt, (ii) certain insolvency, liquidation or other similar events have occurred with respect to an Obligor (other than an Obligor that is not a borrower or guarantor under any Senior Secured Debt) and such actions are taken with respect to such Obligor, (iii) there is an event of default under the Senior Subordinated Debt for failure to pay principal at its originally scheduled maturity, (iv) the proposed enforcement action has been consented to by the Representative for the Relevant Majority of each of the Super Priority Debt and the Senior Debt or (v) a period (the "**Standstill Period**") of not less than 179 days has elapsed from the date any Representative of the Relevant Majority of either the Super Priority Debt or the Senior Debt received an enforcement notice from a Representative of the Relevant Majority of Senior Subordinated Debt relating to an event of default (other than certain cross-defaults) under the applicable documents relating to such Senior Subordinated Debt and such event of default is outstanding at (and has not been waived prior to) the end of the Standstill Period.

The Group Intercreditor Agreement will require the Security Trustee to give prompt notice to the Representative of the Senior Subordinated Debt if the Security Trustee is instructed by a Representative of the Relevant Majority of the Super Priority Debt or the Representative of the Relevant Majority of the Senior Debt (in each case, acting on behalf of its respective creditors) to enforce the security over the equity interests in any Guarantor that secures the Senior Secured Debt (a "**Senior Enforcement**"). During the period from the giving

of that notice to the date that the Security Trustee ceases to use all reasonable commercial efforts to carry out that Senior Enforcement as expeditiously as reasonably practicable having regard to the circumstances:

- the Security Trustee will not be permitted to enforce any Security of any Senior Subordinated Debt over such equity interests in a manner that would adversely affect such Senior Enforcement; and
- no Senior Subordinated Creditor will be permitted to take, or will be permitted to give any instructions to the Security Trustee to take, any enforcement action prohibited by the preceding bullet; provided that the foregoing will not prejudice any other rights of the Senior Subordinated Creditors to take any enforcement action against any other Obligor that are permitted under the Group Intercreditor Agreement. The Group Intercreditor Agreement will require the Security Trustee to give prompt notice to the Representative of Senior Subordinated Debt of its ceasing to carry out a Senior Enforcement.

Enforcement Instructions

The Security Trustee may refrain from enforcing the Security unless otherwise instructed:

- by, while the Super Priority Debt is outstanding, the Representative of the Relevant Majority of the Super Priority Creditors or the Representative of the Relevant Majority of the Senior Creditors;
- by, after the Super Priority Debt has been discharged but while any Senior Debt is outstanding, the Representative of the Relevant Majority the Senior Creditors; or
- by, after the Senior Secured Debt has been discharged (or if permitted to do so as described above under "— *Limitations on Enforcement*"), the Representative of the Relevant Majority of the Senior Subordinated Creditors.

The Security Trustee may disregard any instructions from any other person to enforce the Security and may disregard any instructions to enforce any Security if those instructions are inconsistent with the Group Intercreditor Agreement. The Security Trustee is not obliged to enforce the Security if it is not appropriately indemnified by the relevant creditors.

Consultation

Subject to the immediately following paragraph, if each of the Super Priority Debt and the Senior Debt are outstanding, before giving any instructions to the Security Trustee to enforce the Security or to accelerate any debt owing to any of the creditors, the Representative for the Super Priority Debt and the Representative of the Senior Creditors shall consult with one another and with the Security Trustee in good faith, with a view to coordinating those instructions, for a period of up to 30 days or such shorter period as the Representative of the Super Priority Debt and the Representative of the Senior Creditors may agree.

The Representative of the Super Priority Debt and the Representative of the Senior Creditors shall not be obliged to consult in accordance with the preceding paragraph if:

(i) the Security has become enforceable as a result of an insolvency event relating to such obligor against whom such enforcement action has been taken or such debt accelerated;

(ii) the Representative of the Super Priority Debt or the Representative of the Senior Creditors determines in good faith (and notifies the other agent(s) or representative(s) and the Security Trustee) that to enter into such consultations and thereby delay the commencement of enforcement of the Security could reasonably be expected to have an adverse effect on:

  (a) their ability to enforce any of the Security; or

  (b) the realization proceeds of any enforcement of the Security in any material respect.

The Security Trustee shall inform the Representative of the Super Priority Debt and the Representative of the Senior Creditors on receiving any instructions under the Group Intercreditor Agreement to enforce the Security.

Manner of Enforcement; Competing Instructions

Subject to the immediately following paragraph, any instructions given to the Security Trustee by a person entitled to give those instructions will override any conflicting instructions given by any other parties to the

Group Intercreditor Agreement and the Security Trustee is entitled to rely on and comply with any such instructions.

Before the Super Priority Discharge Date, if the instructions given to the Security Trustee by the Representative of the Super Priority Debt and the Representative of the Senior Creditors conflict with one another:

(i) the Security Trustee shall promptly notify the Representative of the Super Priority Debt and the Representative of the Senior Creditors; and

(ii) following such notification, the Representative of the Super Priority Creditors and the Representative of the Senior Creditors will consult with one another in good faith for at least 15 days (the "**Additional Consultation Period**") with a view to resolving the conflict in such instructions, provided that the Additional Consultation Period shall end immediately if:

(A) the Security has become enforceable as a result of certain defined insolvency events; and

(B) the Representative of the Super Priority Creditors or the Representative of the Senior Creditors determines in good faith (and notifies one another and the Security Trustee) that such consultations and the delay caused by such consultations in the enforcement of the Security could reasonably be expected to have an adverse effect on: (1) their ability to enforce any Security; or (2) the realisation proceeds of any enforcement of the Security in any material respect.

If, following the end of the Additional Consultation Period, the Security Trustee has not received consistent instructions from the Representative of the Super Priority Creditors and the Representative of the Senior Creditors:

(i) if the Security Trustee has received instructions from either the Representative of the Super Priority Creditors or the Representative of the Senior Creditors to enforce the Security and unless the Security Trustee determines an alternative course of action, the Security Trustee shall enforce the Security in order to best achieve the Security Enforcement Objective (as defined below) (in its absolute discretion); and

(ii) the Security Trustee may (but shall not be obliged to) follow such instructions as it (in its absolute discretion) determines are in the best interests of achieving the Security Enforcement Objective or, if it determines (in its absolute discretion) that it has received no instructions which are in the best interests of achieving the Security Enforcement Objective, the Security Trustee may (but shall not be obliged to) act as it sees fit, in order to best achieve a maximizing, so far as is consistent with a prompt and expedious enforcement of the Security, the recovery of the Senior Secured Creditors treating all creditors equally (the "**Security Enforcement Objectives**") (in its absolute discretion).

In making a determination under the preceding clause (ii), the Security Trustee may retain the services of an internationally recognized reputable and independent restructuring advisor (the "**Restructuring Advisor**"). The Restructuring Advisor shall be instructed to advise on the optimal method of enforcing the Security so as to achieve the Security Enforcement Objective. Unitymedia and the guarantors must jointly and severally indemnify the Security Trustee on demand against the fees and expenses payable by the Security Trustee to any Restructuring Advisor.

Notwithstanding any other described above, if there is a proposed enforcement of any Security over all of the shares of Unitymedia Hessen or its subsidiaries or a business of Unitymedia or its subsidiaries, the Security Trustee shall comply with the requirements of the second paragraph described below under the caption "— *Release of Security and Guarantees*".

Subordination on Insolvency; Filing of Claims

After the occurrence of an insolvency event of default in relation to any Obligor (the "**Insolvent Obligor**"), the Senior Subordinated Debt owed by the Insolvent Obligor will be subordinate in right of payment to the Senior Secured Debt owed by such Insolvent Obligor.

Moreover, the Intercompany Debt and the Investor Debt and, unless otherwise required by the Representative of the Relevant Majority of the Super Priority Creditors and the Representative of the Relevant Majority of the Senior Creditors, the Intercompany Debt owed by the Insolvent Obligor will be subordinate in right of payment to the Senior Secured Debt and the Senior Subordinated Debt owed by such Insolvent Obligor.

The Senior Subordinated Creditors and the Subordinated Creditors each irrevocably authorize the Security Trustee (acting on the instructions of the Representative of the Relevant Majority of the Super Priority Creditors and the Representative of the Relevant Majority of the Senior Creditors) after the occurrence of certain specified insolvency events in relation to any Obligor to (i) claim, enforce and prove for any Senior Subordinated Debt or Subordinated Debt owed by the Insolvent Obligor, (ii) except as set forth below with respect to the holders of Senior Subordinated Debt, exercise all powers of convening meetings, voting and representation in respect of the Senior Subordinated Debt and Subordinated Debt owed by the Insolvent Obligor and each Representative of Senior Subordinated Debt and each Subordinated Creditor will provide all forms of proxy and of representation requested by the Security Trustee for that purpose, (iii) file claims and proofs, give receipts and take all such proceedings and do all such things as the Security Trustee considers reasonably necessary to recover any Senior Subordinated Debt or Subordinated Debt owed by the Insolvent Obligor and (iv) receive all payments of or in respect of any Senior Subordinated Debt or Subordinated Debt owed by the Insolvent Obligor for application in accordance with the provisions set forth under "— *Application of Proceeds*". Notwithstanding the foregoing, nothing shall (i) entitle any creditor or Representative to exercise or require the trustee under any Senior Subordinated Debt or the holders of Senior Subordinated Debt to exercise such power of voting or representation to waive, reduce, discharge, extend the due date for payment of or reschedule any of the Senior Subordinated Debt; or (ii) be deemed to require either the trustee under any Senior Subordinated Debt or the holders of Senior Subordinated Debt to hold a meeting or pass any resolution at such meeting or give any consent pursuant to the terms of the agreements governing any Senior Subordinated Debt Indenture, or (iii) authorize any party to take any action against Unitymedia on behalf of the trustee under any Senior Subordinated Debt or the holders of Senior Subordinated Debt.

If the Security Trustee is not entitled or does not take any of the actions referred to above, the Representatives of the Senior Subordinated Debt and the Subordinated Creditors (i) will each do so promptly when requested by the Security Trustee (acting on the instructions of the Representative of the Relevant Majority of Super Priority Debt or the Representative of the Relevant Majority of Senior Debt) subject, in the case of Senior Subordinated Debt only, to either or both the Super Priority Creditors or the Senior Creditors giving an appropriate indemnity for any costs and expenses which may be reasonably incurred by the Senior Subordinated Creditors and their Representative in doing or taking the actions so requested; and (ii) may each do so to the extent permitted as described under "— *Limitations on Enforcement*".

Release of Security and Guarantees

Except as provided in the immediately following paragraph, if a disposal to a person or persons outside the Senior Group of any asset (including, without limitation, shares in any member of the Senior Group) owned by any obligor is:

(i) permitted by the finance documents for the Super Priority Debt (if prior to the discharge date for the Super Priority Debt), the finance documents for the Senior Debt (if prior to the discharge date for the Senior Debt) and the finance documents for the Senior Subordinated Debt (if prior to the discharge date for the Senior Subordinated Debt);

(ii) being effected at the request of the Representative of the Relevant Majority of the Super Priority Creditors, the Representative of the Relevant Majority of the Senior Creditors or, to the extent that the assets are subject to the shared Security, Representative of the Relevant Majority of the Subordinated Creditors or the Security Trustee acting on behalf of any of them in accordance with the Group Intercreditor Agreement, in circumstances where the creditors of the Super Priority Debt, the creditors of the Senior Debt and/or, in respect of assets subject to shared Security, the creditors of the Senior Subordinated Debt are entitled to take enforcement action under the Intercreditor Agreement and (unless the Representative of the Relevant Majority of the Super Priority Creditors, the Representative of the Relevant Majority of the Senior Creditors and/or the Representative of the Relevant Majority of the Subordinated Creditors (as applicable) have otherwise agreed) the Security Trustee is satisfied that the disposal is consistent with certain principals relating to the Security Enforcement Objective; or

(iii) being effected pursuant to enforcement action taken to enforce any Security in accordance with the Group Intercreditor Agreement (including, without limitation, any disposal of any Security pursuant to a liquidation in connection with an insolvency),

the Security Trustee is, to the extent legally possible, irrevocably authorised to and shall execute on behalf of each creditor (including the holders of the Existing Notes and the Notes and the lenders under the Senior Revolving Credit Facility) and each of Unitymedia and/or the Obligors and

their subsidiaries, as applicable (and at the cost of Unitymedia and/or the relevant Obligors, as the case maybe):

(a) a release of any Security and any other claim (including, without limitation, any guarantees in respect thereof) under the relevant finance documents over that asset; and

(b) if that asset comprises all of the shares in the capital of an Obligor or any of its subsidiaries which are the subject of Security, a release of that subsidiary and its subsidiaries from all present and future obligations and liabilities (both actual and contingent and including any liability under any guarantee (including, without limitation, the guarantees) and/or to any other Obligor by way of contribution or indemnity) under the relevant finance documents and a release of any Security granted by Unitymedia to the extent it is a pledge of the shares of any Obligor) or any of its subsidiaries (or its direct or indirect parent entity, if applicable) over any of their respective assets, provided that (1) in the case of clause (i) above, the proceeds of that disposal are applied in accordance with any requirements under the relevant finance documents relating to mandatory prepayment, redemption and/or cancellation from the proceeds of disposals (in respect of which application the Security Trustee is entitled to rely on a certificate from Unitymedia); and (2) in the case of clauses (ii) and (iii) above, the proceeds of that disposal are applied in accordance with the priority set forth below under the caption "— *Application of Proceeds*".

In the case of any release of any Security or any obligation or liability under any finance document (including, without limitation, any guarantee) in connection with a disposal falling within clauses (ii) or (iii) of the preceding paragraph above which constitutes a disposal of all of the shares of an Obligor or its subsidiaries or a business of the Obligor or it subsidiaries, the creditors of the Super Priority Debt, the creditors of the Senior Debt (including the holders of the Existing Senior Secured Notes and the lenders under the Senior Revolving Credit Facility) and (in the case of assets subject to shared security) the creditors of the Senior Subordinated Debt shall only be obliged to release and only authorise the release set out in clause (a) of the preceding paragraph in respect of the relevant Security and guarantees if the relevant asset is disposed of in the circumstances referred to in clauses (ii) or (iii) of the preceding paragraph and:

(A) the proceeds of such disposal received by the Security Trustee are in the form of cash (or substantially all cash);

(B) either (I) such disposal is made pursuant to a public auction or (II) in connection with such disposal, a Restructuring Advisor selected by the Security Trustee has delivered an opinion to the Representative of the Relevant Majority of the Super Priority Creditors, the Representative of the Relevant Majority of the Senior Creditors and (in the case of assets subject to the shared Security) the Representative of the Relevant Majority of the Subordinated Creditors that the disposal price of such asset is fair from a financial point of view after taking into account all relevant circumstances;

(C) on completion of such disposal, the relevant asset and, if such asset comprises all of the shares in the capital of the relevant Obligor or its subsidiaries which are the subject of Security in favor of the Security Trustee, such Obligor and its subsidiaries are simultaneously and unconditionally released from all present and future obligations and liabilities in respect of the debt (or such debt is sold or otherwise disposed of by the creditors of the Super Priority Debt, the creditors of the Senior Debt and/or (as applicable) the creditors of the Senior Subordinated Debt to the purchaser of the relevant Obligor or its subsidiaries) and such obligations are not assumed by the purchaser or an affiliate of such purchaser; and

(D) the proceeds are applied in accordance with the priority set forth below under the caption *"— Application of Proceeds*".

Each creditor (in the case of any Notes Trustee, without the need for any further referral to or authority from the holders of the Existing Senior Secured Notes, the Existing Senior Notes or the Notes (as the case may be), but subject to its costs and expenses being paid or indemnified) and each Obligor will promptly execute any documents as may be necessary to give effect to such releases as the Security Trustee may reasonably require to give effect to these release provisions.

Turnover

If any creditor of Senior Secured Debt (the "**Senior Secured Creditor**") (with respect to proceeds from the enforcement of security only), Senior Subordinated Creditor or Subordinated Creditor receives or recovers a payment in cash or in kind (including by way of set-off or combination of accounts) of any of the Senior

Secured Debt, Senior Subordinated Debt or Subordinated Debt which is prohibited by the Group Intercreditor Agreement or not made in accordance with the provisions described below under "— *Application of Proceeds*", the receiving or recovering creditor will promptly notify the Security Trustee. Each such creditor shall hold any amount on trust for each of the creditors with a prior ranking claim and, upon demand by the Security Trustee, pay that amount to the Security Trustee or, if lower, the amount of debt outstanding in relation to prior ranking claims, in each case less the third-party costs and expenses (if any) reasonably incurred in receiving or recovering such amount, for application by the Security Trustee in accordance with the order of priority described under "— *Application of Proceeds*".

Application of Proceeds

All amounts from time to time received pursuant to the provisions described under "— *Turnover*" or otherwise recovered by the Security Trustee (or any other creditors) in connection with the realization or enforcement of all or any part of the Security in favor of the Senior Secured Debt or Senior Subordinated Debt or otherwise paid to the Security Trustee under the Group Intercreditor Agreement for application as set forth below shall be held by the Security Trustee on trust and applied in the following order:

- first, in payment of the following amounts in the following order of priority: (i) firstly, *pari passu* and pro rata to the Security Trustee, and the Notes Trustees of any amounts payable to the Security Trustee or the Notes Trustees, as the case may be; and (ii) secondly, *pari passu* and pro rata to each Representative of Super Priority Debt, each Representative of Senior Debt and each Representative of Senior Subordinated Debt (to the extent not included in (i) above) of the fees, costs, expenses and liabilities (and all interest thereon as provided in the relevant finance documents) of each such Representative and any receiver, attorney or agent appointed by such Representative under the security documents or the Group Intercreditor Agreement (to the extent such security has been given in favor of such obligations);
- second, in payment of the balance of the costs and expenses of each Super Priority Creditor in connection with such enforcement;
- third, in payment *pari passu* and pro rata to the Representative of Super Priority Debt for application towards the balance of the Super Priority Debt;
- fourth, in payment of the balance of the costs and expenses of each Senior Creditor in connection with such enforcement;
- fifth, in payment *pari passu* and pro rata to each Representative of Senior Debt for application towards the balance of the Senior Debt;
- sixth, in payment of the balance of the costs and expenses of each Senior Subordinated Creditor in connection with such enforcement;
- seventh, in payment *pari passu* and pro rata to each Senior Subordinated Creditor for application towards the balance of the Senior Subordinated Debt; and
- eighth, the payment of the surplus (if any) to the Obligor or other person entitled to it.

Amendment to Group Intercreditor Agreement

Waivers, consents or amendments to or in relation to the Group Intercreditor Agreement must be agreed by the Representative of the Relevant Majority of the Super Priority Creditors (if prior to the discharge date for the Super Priority Debt), the Representative of the Relevant Majority of the Senior Creditors (if prior to the discharge date for the Senior Debt) and the Representative of the Relevant Majority of the Subordinated Creditors (if prior to the Subordinated Debt), provided that each party acknowledges and agrees that to the extent that an amendment to the Group Intercreditor Agreement only affects the rights and obligations of one or more parties or class of parties to the Group Intercreditor Agreement, and could not reasonably be expected to be adverse to the interests of the other parties, only the parties or class of parties affected by such amendment need to agree to the amendments.

DESCRIPTION OF THE NOTES

Unitymedia KabelBW GmbH ("**Unitymedia KabelBW**" or the "**Issuer**") issued the Notes (as defined below) under the Indenture (the "**Indenture**"), to be dated as of the Issue Date, between, among others, the Issuer, The Bank of New York Mellon, London Branch, as trustee (the "**Trustee**") and Credit Suisse AG, London Branch, as security trustee (the "**Security Trustee**"). You will find the definitions of capitalized terms not otherwise defined in this description under the heading "— *Certain Definitions*".

For purposes of this description, references to the "**Issuer**", "**we**", "**our**" and "**us**" refer only to Unitymedia KabelBW and not to any of its Subsidiaries. For the avoidance of doubt, any references to the "Issuer" in the covenants and related definitions shall be references to Unitymedia KabelBW and not to any of its Subsidiaries.

On the Issue Date, the Initial Purchasers will deposit the gross proceeds of this offering of the Notes into one or more escrow accounts (the "**Escrow Accounts**") pursuant to the terms of an escrow agreement (the "**Escrow Agreement**") between the Issuer, the Trustee and The Bank of New York Mellon, London Branch, as escrow agent (the "**Escrow Agent**"). The Escrow Agreement, including the conditions to the release of the Escrowed Property (as defined below), is more fully described below under "— *General — Escrow of Proceeds; Special Mandatory Redemption — Escrow of Proceeds*." In the event the conditions to the release of the Escrowed Property have not been satisfied on or before April 15, 2015 (the "**Longstop Date**") (or upon the occurrence of certain other events), the Notes will be redeemed at a redemption price equal to 100% of the aggregate initial issue price of the Notes plus accrued and unpaid interest and Additional Amounts (as defined below), if any, from the Issue Date. The Issuer will not grant security over the Escrow Accounts for the benefit of the Trustee or the holders of Notes to secure the payment of the special mandatory redemption price. See "— *General — Escrow of Proceeds; Special Mandatory Redemption — Special Mandatory Redemption*".

The Indenture is unlimited in aggregate principal amount, but the aggregate principal amount of Notes issued in this offering is limited to €700 million senior notes (the **Notes**"). The Issuer may issue an unlimited amount of additional notes having identical terms and conditions to the Notes under the Indenture (the "**Additional Notes**"). The Issuer will only be permitted to issue such Additional Notes if, at the time of such issuance, it is in compliance with the covenants contained in the Indenture. Any Additional Notes will be part of the same issue as the Notes we are currently offering and will vote on all matters with the holders of the Notes. Unless expressly stated otherwise, in this Description of the Notes, when we refer to the Notes, the reference includes the Notes issued on the Issue Date and any Additional Notes.

The Issuer has applied to list the Notes on the Official List of the Luxembourg Stock Exchange and to trade on the Euro MTF of the Luxembourg Stock Exchange (the "**Euro MTF**").

This Description of the Notes is intended to be a useful overview of the material provisions of the Notes, the Indenture and the Security Documents. As this Description of the Notes is only a summary, you should refer to the Indenture and the Security Documents for a complete description of the obligations of the Issuer and your rights. Copies of the Indenture and the Security Documents are available as set forth under "*Listing and General Information*".

General

The Notes

The Notes mature on January 15, 2027 and are initially guaranteed by certain Subsidiaries of the Issuer on the Issue Date and on or before the Collateral Grant Date (as defined under "— *Security*") will be secured by the assets and security interests described under "— *Ranking of the Notes, Subsidiary Guarantees and Security*".

The Issuer issued the Notes in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof.

Interest

Interest on the Notes accrues at the rate of 3.750% and will be payable in euros semi-annually in arrears on January 15 and July 15, commencing on January 15, 2016. Interest on the Notes accrues from the Issue Date. The Issuer will make each interest payment for so long as the notes are Global Notes to the holders of record of the Notes at the close of business (in the relevant clearing system) on the Clearing System Business Day immediately before the due date for such payment, where "Clearing System Business Day" means a day on which each clearing system for which the Global Note is being held is open for business, or to the extent

Definitive Registered Notes have been issued, to the holders of record of the Notes on the immediately preceding January 1 and July 1. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Payments on the Notes

Principal, premium, if any, interest, and Additional Amounts (as defined under "— *Withholding Taxes*"), if any, on the Global Notes (as defined under "— *Transfer and Exchange*") will be payable, and the Global Notes may be exchanged or transferred, at the corporate trust office or agency of the Trustee in London, England except that, at the option of the Issuer, payment of interest may be made by check mailed to the address of the holders of the Notes as such address appears in the Note register. Payments on the Global Notes (as defined under "— *Transfer and Exchange*") will be made to the common depositary or its nominee as the registered holder of the Global Notes.

The rights of holders to receive the payments of principal, premium, if any, interest, and Additional Amounts, if any, on such Global Notes are subject to applicable procedures of Euroclear and Clearstream (each as under "— *Transfer and Exchange*"). The Issuer will pay interest on the Notes to Persons who are registered holders at the close of business on the record date immediately preceding the interest payment date for such interest. Such holders must surrender their Notes to a Paying Agent to collect principal payments.

Principal, premium, if any, interest, and Additional Amounts, if any, on the Notes issued in certificated non-global form ("**Definitive Registered Notes**") will be payable at the office of the Principal Paying Agent in London, England, except that, at the option of the Issuer, payment of interest may be made by check mailed to the address of the holders of Definitive Registered Notes as such address appears in the register for Definitive Registered Notes. The Issuer will pay interest on Definitive Registered Notes to persons who are registered holders at the close of business on the record date immediately preceding the interest payment date for such interest. Such holders must surrender their Definitive Registered Notes to a Paying Agent to collect principal payments.

If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the holders thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

Paying Agent and Registrar

The Issuer will maintain one or more paying agents (each, a "**Paying Agent**") for the Notes in London, England (the "**Principal Paying Agent**"). The Bank of New York Mellon, London Branch, initially acts as Paying Agent in London.

The Issuer will also maintain one or more registrars (each, a "**Registrar**") for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require. The Issuer will also maintain one or more transfer agents. The initial Registrar will be The Bank of New York Mellon, (Luxembourg) S.A. The initial transfer agents with respect to the Notes are The Bank of New York Mellon, London Branch and The Bank of New York Mellon (Luxembourg) S.A. The Registrar will maintain a register on behalf of the Issuer for so long as the Notes remain outstanding reflecting ownership of Definitive Registered Notes (as defined elsewhere in these Listing Particulars) outstanding from time to time. The Paying Agents will make payments on, and the transfer agents will facilitate transfer of, Definitive Registered Notes on behalf of the Issuer. In the event that the Notes are no longer listed, the Issuer or its agent will maintain a register reflecting ownership of the Notes.

The Issuer may change a Paying Agent, Registrar or transfer agent for the Notes without prior notice to the holders of Notes, and the Issuer may act as Paying Agent, Registrar or transfer agent for the Notes. In the event that a Paying Agent, Registrar or transfer agent is replaced, the Issuer will provide notice thereof in accordance with the procedures described under "— *Notices*".

In addition, the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the European Council of Economics and Finance Ministers ("**ECOFIN**") meeting of November 26-27, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

Escrow of Proceeds; Special Mandatory Redemption

Escrow of Proceeds

Concurrently with the closing of the offering of the Notes on the Issue Date, the Issuer entered into the Escrow Agreement with the Trustee and the Escrow Agent, pursuant to which the Initial Purchasers deposited with the Escrow Agent an amount equal to the gross proceeds of the offering of the Notes sold on the Issue Date. Prior to the release of such proceeds from the Escrow Account, such funds will be invested in certain permitted investments including in cash and/or any highly-rated stable net asset value money market fund. The initial funds deposited in the Escrow Account, and all other funds, securities, interest, dividends, distributions and other property and payments credited to the Escrow Account are referred to as the "**Escrowed Property**."

In order to cause the Escrow Agent to release the Escrowed Property (the "**Escrow Release**") to the Issuer or its nominees, the Escrow Agent, the Trustee and Credit Suisse Securities (Europe) Limited, as representative of the Initial Purchasers (the "**Representative**") shall have received from the Issuer, on or prior to the Longstop Date, an Officer's Certificate to the effect that: (A) the Issuer has delivered to the Representative (or caused to be published on the website of Liberty Global plc or the Issuer, which shall constitute deemed delivery) the audited annual financial statements of the Issuer and its consolidated subsidiaries for the year ended December 31, 2014 (the "**Audited Financial Statements**"); (B) each of the following line-items included in or derived from the Audited Financial Statements shows no (i) decrease in excess of 5.0% when compared to the corresponding line-items included in Annexure A to these Listing Particulars (the "**Listing Particulars**") or in the "*Recent Developments of Unitymedia KabelBW — Preliminary Operating and Financial Information for the Fourth Quarter of 2014*" section of the Listing Particulars, as applicable: Revenue and Adjusted EBITDA (as defined and presented in Annexure A to the Listing Particulars), in each case, as of and for the year ended December 31, 2014; or (ii) increase in excess of 5.0% when compared to the corresponding line-items included in Annexure A to the Listing Particulars: Property, equipment and intangible asset additions and total third-party debt and finance lease obligations (as defined and presented therein), in each case, as of and for the year ended December 31, 2014; (C) the Audited Financial Statements are accompanied by an unqualified independent auditor's report issued by KPMG AG and attesting that the Audited Financial Statements of the Issuer as of and for the year ended December 31, 2014 comply with International Financial Reporting Standards as adopted by the European Union and give a true and fair view of the net assets, financial position and results of operations pursuant to Section 315 (1) of the German Commercial Code [HGB]; (D) the Audited Financial Statements are stated on a basis substantially consistent with that of the Issuer's audited financial statements as of and for the fiscal year ended December 31, 2013; and (E) the Audited Financial Statements do not contain additional information (other than any additional information that is included in a Subsequent Event or other footnote to the Audited Financial Statements and that relates to an event or set of facts occurring or arising solely after the date of the Offering Memorandum) that would reasonably be expected to have a material adverse effect on the financial position of the Issuer on a consolidated basis.

The Escrow Release shall occur promptly upon the satisfaction of the conditions set forth above. By accepting a Note, each holder will be deemed to have agreed to be bound by the terms of the Escrow Agreement and irrevocably authorized and directed the Trustee and Escrow Agent to take all the actions set forth in the Escrow Agreement without the need for further direction from them under the Indenture.

Special Mandatory Redemption

Upon the earliest of (i) the date on which there first occurs a repudiation by the Issuer of any of its obligations under the Escrow Agreement or the unenforceability of the Escrow Agreement against the Issuer or any of its other creditors for any reason, (ii) the date on which any conditions to the Escrow Release could not reasonably be deemed to be capable of being satisfied and (iii) if the Escrow Release has not been completed on or before the Longstop Date (such date, the "**Escrow Termination Date**"), the Issuer will redeem all of the Notes (the "**Special Mandatory Redemption**") at a redemption price equal to 100% of the aggregate initial issue price of the Notes plus accrued but unpaid interest and Additional Amounts, if any, to the Special Mandatory Redemption Date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date) (the "**Special Mandatory Redemption Price**"). Notice of the Special Mandatory Redemption will be mailed or delivered by the Issuer, no later than the second Business Day following the Escrow Termination Date, to the Trustee (with an instruction to the Trustee to deliver the same to each holder of the Notes) and the Escrow Agent, and will provide that the Notes shall be redeemed on a date that is no later than the fifth Business Day after such notice is mailed or delivered (the "**Special Mandatory Redemption Date**"). On the Special Mandatory Redemption Date, the Escrow Agent shall pay to the relevant

Paying Agent for payment to each holder the Special Mandatory Redemption Price for such holder's Notes and, concurrently with the payment to such holders, deliver any excess Escrowed Property (if any) to the Issuer.

The provisions of the Escrow Agreement and the Indenture requiring the Issuer to redeem the Notes in a Special Mandatory Redemption upon the occurrence of an Escrow Termination Date (other than, for the avoidance of the doubt, the conditions to the Escrow Release and the other provisions relating to the release of the Escrowed Property, all of which may be amended as set forth in the following sentence) may not be waived or modified in any manner materially adverse to the holders of the Notes without the written consent of holders of at least 90% of the aggregate principal amount of Notes then outstanding. The other provisions of the Escrow Agreement (including, without limitation, the conditions to the Escrow Release and the other provisions relating to the release of the Escrowed Property) may not be waived or modified in any manner materially adverse to the holders of the Notes without the written consent of holders of at least a majority in aggregate principal amount of Notes then outstanding.

In the event the Special Mandatory Redemption Price payable upon such Special Mandatory Redemption exceeds the amount of the Escrowed Property, the Issuer will pay to the Trustee an amount in cash equal to the shortfall (including any accrued and unpaid interest and any redemption premium (if applicable).

The Issuer will not grant security over the Escrow Accounts for the benefit of the Trustee or the holders of Notes to secure the payment of the special mandatory redemption price.

Transfer and Exchange

The Notes are issued in the form of several registered notes in global form, without interest coupons, as follows:

- Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act were initially represented by one or more global notes in registered form without interest coupons attached (the "**144A Global Notes**"):
- Notes sold outside the United States pursuant to Regulation S under the Securities Act were initially represented by one or more global notes in registered form without interest coupons attached (the "**Regulation S Global Notes**," and together with the 144A Global Notes, the "**Global Notes**"):

The Global Notes representing the Notes (the "**Global Notes**") were, on the Issue Date, deposited with the common depositary or its nominee for the accounts of Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream**").

During the 40-day distribution compliance period, book-entry interests in the Regulation S Global Notes may be (1) held only through Euroclear and Clearstream, and (2) transferred only to non-U.S. persons under Regulation S or qualified institutional buyers under Rule 144A.

Ownership of interests in the Global Notes ("**Book-Entry Interests**") is limited to persons that have accounts with Euroclear or Clearstream, as applicable, or persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "*Transfer Restrictions*". In addition, transfers of Book-Entry Interests between participants in Euroclear or participants in Clearstream will be effected by Euroclear or Clearstream, as applicable, pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream, as applicable, and their respective participants.

Book-Entry Interests in the 144A Global Notes may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Transfer Restrictions*" and in accordance with any applicable securities law of any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred.

Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 principal amount and integral multiples of €1,000 in excess thereof upon receipt by the applicable Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant which owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer to be in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "*Transfer Restrictions*".

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in principal amount and integral multiples of €1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture requires the transferring or exchanging holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee Euroclear or Clearstream where appropriate, to furnish certain certificates and opinions, and to pay any taxes, duties and governmental charges in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the holder, other than any taxes, duties and governmental charges payable in connection with such transfer.

Notwithstanding the foregoing, the Issuer is not required to register the transfer of any Definitive Registered Note in registered form:

(1) for a period of 15 calendar days prior to any date fixed for the redemption of the Notes;

(2) for a period of 15 calendar days immediately prior to the date fixed for selection of Notes to be redeemed in part;

(3) for a payment period of 15 calendar days prior to the record date with respect to any interest payment date; or

(4) that the registered holder of Notes has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Disposition Offer.

The Issuer, the Trustee and the Paying Agent will be entitled to treat the registered holder of a Note as the owner of it for all purposes.

Ranking of the Notes, Subsidiary Guarantees and Security

General

The Notes:

- are senior obligations of the Issuer;
- are guaranteed on a senior subordinated basis by the Guarantors (as described under "— *Subsidiary Guarantees*");
- have the benefit of security as described below under "— *Security*";
- are senior in right of payment to any existing and future Subordinated Obligations of the Issuer;
- rank equally in right of payment with any existing and future Senior Indebtedness of the Issuer (including the Existing Senior Notes);
- are effectively subordinated to any existing and future senior secured Indebtedness of the Issuer and its Subsidiaries to the extent of the value of the assets securing such Indebtedness (unless such assets also secure the Notes on an equal and ratable or prior basis); and
- are effectively subordinated to any existing and future Indebtedness of Subsidiaries of the Issuer that are not Guarantors.

The Issuer conducts all of its operations through its Subsidiaries. To the extent these Subsidiaries are not Guarantors, claims of creditors of such non-guarantor Subsidiaries, including trade creditors and creditors holding indebtedness or guarantees issued by such non-guarantor Subsidiaries, and claims of preferred stockholders of such non-guarantor Subsidiaries generally will have priority with respect to the assets and earnings of such non-guarantor Subsidiaries over the claims of our creditors, including holders of the Notes. Accordingly, the Notes are effectively subordinated to creditors (including trade creditors) and preferred stockholders, if any, of such non-guarantor Subsidiaries.

Other Indebtedness

As of September 30, 2014, on an as adjusted basis after giving effect to the November 2014 Financing Transactions, the December 2014 Financing Transactions, the March 2015 SSN Financing Transactions and the issuance of the Notes and the application of the proceeds thereof (including the Refinancing), (i) the Issuer and its consolidated subsidiaries would have had outstanding €6,516.0 million (equivalent) carrying amount of Indebtedness and (ii) the Guarantors and their consolidated subsidiaries would have had outstanding €5,087.0 million (equivalent) carrying amount of Indebtedness that was senior to the Subsidiary Guarantees (as defined under "— *Subsidiary Guarantees*"). The Issuer and the Guarantors represent more than 95% of the consolidated total assets as of September 30, 2014 and more than 95% of the consolidated EBITDA of the Unitymedia KabelBW Group for the nine month period ended September 30, 2014.

Subsidiary Guarantees

General

Unitymedia Hessen, Unitymedia Verwaltung, Unitymedia NRW, Unitymedia Management, UPC Germany NewCo, KBW and each other Restricted Subsidiary that may become a Guarantor as provided for in the Indenture (each such Subsidiary, a "**Guarantor**") will, jointly and severally, irrevocably guarantee (the "**Subsidiary Guarantees**"), as primary obligors and not merely as sureties, on a senior subordinated basis the full and punctual payment when due, whether at Stated Maturity, by acceleration or otherwise, all payment obligations of the Issuer under the Indenture and the Notes, whether for payment of principal of or interest on or in respect of the Notes, fees, expenses, indemnification or otherwise. The ability to enforce the Subsidiary Guarantees is subject to significant restrictions. See "— *Subsidiary Guarantees — Subordination of the Subsidiary Guarantees*". In addition, the obligations of the Guarantors will be contractually limited under the Subsidiary Guarantees to reflect limitations under applicable law with respect to maintenance of share capital applicable to the Guarantors and their respective shareholders, directors and general partners. See "*Risk Factors — Risks Relating to the Notes*".

The Subsidiary Guarantees will:

- be senior subordinated obligations of each Guarantor;
- have the benefit of security as described below under "— *Security*";
- be subordinated in right of payment to all existing and future Senior Indebtedness of each Guarantor (including Indebtedness Incurred by the Guarantors under the Super Senior Revolving Credit Facility, the Senior Revolving Credit Facility, the Existing Senior Secured Notes and certain Hedging Obligations);
- rank *pari passu* in right of payment with all existing and future Senior Subordinated Indebtedness of each Guarantor;
- be effectively subordinated to all existing and future secured Indebtedness of the Guarantors to the extent of the value of the assets securing such Indebtedness (unless such assets also secure the Subsidiary Guarantees on an equal and ratable or prior basis); and
- be senior in right of payment to all future obligations of the Guarantors expressly subordinated to its Subsidiary Guarantee of the Notes.

Payment under the Subsidiary Guarantees will be expressly subordinated in right of payment to the payment when due of all Senior Indebtedness of the Guarantors (including Indebtedness Incurred under the Super Senior Revolving Credit Facility, the Senior Revolving Credit Facility, the Existing Senior Secured Notes, the Senior Secured Indentures and certain Hedging Obligations). As a result of this subordination, holders of Senior Indebtedness of any Guarantor will be entitled to receive full payment on all obligations owed

to them before any kind of payment can be made in respect of the Subsidiary Guarantees to holders. See "— *Subsidiary Guarantees — Subordination of the Subsidiary Guarantees*".

Additional Subsidiary Guarantees

The Issuer may from time to time designate a Restricted Subsidiary as an additional guarantor of the Notes (an "**Additional Guarantor**") by causing it to execute and deliver to the Trustee a supplemental indenture in the form attached to the Indenture, pursuant to which such Restricted Subsidiary will become a Guarantor. See "— *Certain Covenants — Limitation on Issuances of Guarantees of Indebtedness by Restricted Subsidiaries*."

Each Additional Guarantor will, jointly and severally, with the Guarantors and each other Additional Guarantor, irrevocably guarantee (each guarantee, an "**Additional Subsidiary Guarantee**"), as primary obligor and not merely as surety, on a senior subordinated basis the full and punctual payment when due, whether at Stated Maturity, by acceleration or otherwise, of all payment obligations of the Issuer under the Indenture and the Notes, whether for payment of principal of or interest on or in respect of the Notes, fees, expenses, indemnification or otherwise. The ability to enforce an Additional Subsidiary Guarantee will be subject to significant restrictions. See "— "*Subsidiary Guarantees*" — *Subordination of the Subsidiary Guarantees*". In addition, the obligations of any Additional Guarantor will be contractually limited under its Additional Subsidiary Guarantee to reflect limitations under applicable law, including, among other things, with respect to maintenance of share capital applicable to such Additional Guarantor and its shareholders, directors and general partner. Any Additional Subsidiary Guarantee shall be issued on substantially the same terms as the Subsidiary Guarantees. For purposes of the Indenture and this "Description of the Notes", references to the Subsidiary Guarantees include references to any Additional Subsidiary Guarantees and references to the Guarantors include references to any Additional Guarantors.

Releases

A Subsidiary Guarantee will be released automatically and unconditionally:

- upon the sale of all or substantially all the Capital Stock of the relevant Guarantor pursuant to an Enforcement Sale as provided for in the Group Intercreditor Agreement;
- upon the sale or other disposition (including through merger or consolidation but other than pursuant to an Enforcement Sale) in compliance with the Indenture of the Capital Stock of the relevant Guarantor (whether directly or through the disposition of a parent thereof), following which such Guarantor is no longer a Restricted Subsidiary (other than a sale or other disposition to the Issuer or any of the Restricted Subsidiaries);
- in the case of a Guarantor that is prohibited or restricted by applicable law from guaranteeing the Notes (other than customary legal and contractual limitations on the Subsidiary Guarantee of such Guarantor substantially similar to those provided for in the Indenture in respect of the Subsidiary Guarantees); *provided* that such Subsidiary Guarantee will be released as a whole or in part to the extent it is necessary to achieve compliance with such prohibition or restriction;
- upon the legal defeasance, covenant defeasance or satisfaction and discharge of the Notes and the Indenture as provided in "— *Certain Covenants — Defeasance*" or "— *Certain Covenants — Satisfaction and Discharge*", in each case in accordance with the terms and conditions of the Indenture;
- with respect to an Additional Subsidiary Guarantee given under the covenant captioned "— *Certain Covenants — Limitation on Issuances of Guarantees of Indebtedness by Restricted Subsidiaries*", upon release of the guarantee that gave rise to the requirement to issue such Additional Subsidiary Guarantee so long as no Event of Default would arise as a result and no other Indebtedness that would give rise to an obligation to give an Additional Subsidiary Guarantee is at that time guaranteed by the relevant Guarantor;
- upon the release or discharge of a Guarantor from its guarantee of Indebtedness of the Issuer or of a Restricted Subsidiary under the Super Senior Revolving Credit Facility, the Senior Revolving Credit Facility, the Existing Senior Secured Notes or any other Indebtedness of the Issuer and the Restricted Subsidiaries in an amount in excess of €50.0 million so long as no Event of Default would arise as a result and no other Indebtedness that would give rise to an obligation to give an Additional Subsidiary Guarantee is at that time guaranteed by the relevant Guarantor;

- if a Guarantor is designated as an Unrestricted Subsidiary in compliance with the covenant entitled "— *Certain Covenants — Limitation on Restricted Payments*";
- as a result of a transaction permitted by, and in compliance with, the covenant entitled "— *Certain Covenants — Merger and Consolidation*";
- as described under "— *Amendments and Waivers*"; or
- upon the full and final payment and performance of all obligations of the Issuer and the Guarantors under the Indenture and the Notes.

Notwithstanding any of the foregoing, in all circumstances a Subsidiary Guarantee shall only be released if (a) the relevant Guarantor has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for in the Indenture relating to such transaction have been complied with and (b) such Guarantor is released from its guarantees of the Super Senior Revolving Credit Facility, the Senior Revolving Credit Facility, the Existing Senior Secured Notes and the Existing Senior Notes, as applicable.

The Trustee shall take all necessary actions, including the granting of releases or waivers under the Intercreditor Agreements, to effectuate any release in accordance with these provisions, subject to customary protections and indemnifications.

Subordination of the Subsidiary Guarantees

Subordination on the Basis of the Group Intercreditor Agreement. Each of the Subsidiary Guarantees is a senior subordinated Guarantee, which means that, pursuant to the terms of the Group Intercreditor Agreement, each such Subsidiary Guarantee ranks behind, and is expressly subordinated to, all the existing and future Senior Indebtedness of the relevant Guarantor, including any obligations owed by the relevant Guarantor under the Super Senior Revolving Credit Facility, the Senior Revolving Credit Facility and the Existing Senior Secured Notes. The ability to take enforcement action against the Guarantors under their Subsidiary Guarantees is subject to significant restrictions imposed by the Group Intercreditor Agreement and the terms of the Subsidiary Guarantees, and potentially any Additional Intercreditor Agreements entered into after the Issue Date. For a description of the restrictions imposed by the Group Intercreditor Agreement, see "*Description of Other Indebtedness — Group Intercreditor Agreement*".

Because of the foregoing subordination provisions, it is likely that holders of Senior Indebtedness and other creditors (including trade creditors) of a Guarantor would recover disproportionately more than the holders of the Notes recover in any insolvency or similar proceeding relating to such Guarantor. In any such case, there may be insufficient assets, or no assets, remaining to pay the principal of or interest on the Notes.

Subordination under German Insolvency Law. In the event of the opening of insolvency proceedings (*Insolvenzverfahren*) under German law over the assets of the Issuer or any of its Subsidiaries, the insolvency court will generally appoint an insolvency administrator (*Insolvenzverwalter*). The Security Documents grant a right to separate satisfaction (*Absonderungsrecht*) to the secured parties under such documents with respect to the Collateral. Creditors with a right to separate satisfaction are creditors who participate in the insolvency proceedings, but at the same time are secured by collateral that constitutes part of the estate. German insolvency law imposes certain restrictions on their ability to enforce security interests once proceedings have been commenced. In many cases, the insolvency administrator will have the sole right to enforce the security. The insolvency administrator generally has the sole right (i) to realize any moveable assets which are subject to preferential rights (*Absonderungsrechte*) (e.g., pledges over movable assets (*Mobiliarpfandrechte*), transfer by way of security (*Sicherungsubereignung*)) as well as (ii) to collect any claims that are subject to security assignment agreements (*Sicherungsabtretungen*). The enforcement proceeds minus certain contributory charges of generally nine percent of the enforcement proceeds (plus VAT, if any) for (i) assessing the value of the secured assets and (ii) realizing the secured assets are paid to the creditor holding a security interest in the relevant collateral up to an amount equal to its secured claims. Contributory charges deducted from the enforcement proceeds and any realization surplus that remains after satisfaction of any party holding a preferential right will be allocated to the insolvency's estate and would, after deduction of the costs of the insolvency proceedings (e.g., comprising fees for and expenses of the insolvency administrator and the insolvency court as well as the members of the creditors' committee), finally be distributed among the unsecured creditors, including, to the extent not secured by the realized assets, the holders of the Notes.

The equity interests pledged by the insolvent debtor under the Share Pledges (as defined under "— *Security*") will not be considered pledged moveable assets. However, it is unclear whether the secured creditor or the insolvency receiver would be entitled to foreclose on the equity interests in the insolvency of the pledgor.

If a court were to conclude that the secured creditor would not have the right of foreclosure, the insolvency administrator would be entitled to realize upon the relevant Share Pledge and, as a result, deduct the fees described above.

A creditor's right to separate satisfaction may not prevent the insolvency administrator from using an asset in its possession that is subject to this right, as long as this asset is needed in order to operate the debtor's business. However, the insolvency administrator must compensate the creditor by means of regular payments for any loss of value resulting from such use, and to the extent the creditor's security may be impaired.

The right to separate satisfaction is independent from the priority of the secured claims. However, with regard to certain subordinated debt (such as claims for repayment of shareholder loans), the security interest must not be realized.

Unless the creditors of the insolvent debtor decide to continue the business of the insolvent debtor or adopt an insolvency plan (*Insolvenzplan*) in compliance with German insolvency law and provide otherwise therein, the insolvency administrator will be required to liquidate the insolvent debtor which includes the realization of all of its assets and to distribute the realization proceeds to cover the following debt in the following order:

(1) the costs of the insolvency proceedings (which encompass the court fees for such proceedings and the remuneration of the preliminary insolvency administrator, the insolvency administrator and the members of the creditors committee);

(2) other preferred debt (*sonstige Masseverbindlichkeiten*) which comprises debt Incurred by the insolvency administrator in the course of the insolvency proceedings (including the administration, realization and distribution of the liquidation fund (*Masse*)), obligations under not fully performed mutual contracts (*gegenseitiger nicht vollständig erfüller Vertrag*) (sec. 103 German Insolvency Code) where the insolvency administrator has elected performance of such obligations, and claims based on an unlawful enrichment of the insolvency estate;

(3) all other debt unless subordinated contractually (see item (9) below) or by law;

(4) interest payable for periods after the opening of the insolvency proceedings;

(5) the costs of the creditors for their participation in the insolvency proceedings;

(6) fines, disciplinary penalties and similar claims;

(7) claims established without consideration for the debtor;

(8) claims for repayment of shareholder loans or economically similar claims to be treated similar to capital replacing shareholder loans; and

(9) claims which have been contractually subordinated to all other claims of any creditor against the debtor by an agreement between the creditor and the debtor in the case of insolvency proceedings.

Please see the section entitled "*Risk Factors — Risks Relating to the Notes — The insolvency laws of Germany and other local insolvency laws may not be as favorable to you as the U.S. bankruptcy laws and may preclude holders of the Notes from recovering payments due on the Notes*".

Security

General

No later than December 31, 2015 (the "**Collateral Grant Date**"), the Notes and the Subsidiary Guarantees will be secured by the same property and assets that secure the Existing Senior Notes (the "**Collateral**"). The Collateral will consist of:

(1) a share pledge of all the Capital Stock of the Issuer (the "**Issuer Share Pledge**"); and

(2) share pledges of all the Capital Stock of Unitymedia Management, Unitymedia Hessen and Unitymedia Verwaltung (together with the Issuer Share Pledge, the "**Share Pledges**").

In addition, the Collateral will also consist of, initially, a pledge over claims under certain domination and/or profit and loss absorption agreements by Unitymedia Management, Unitymedia NRW and Unitymedia Verwaltung, (the "**Additional Collateral**"). Although the Notes are initially secured by the Additional Collateral, the Additional Collateral will be automatically released in accordance with clause (10) under "*-Releases*" when all other Liens on such Collateral securing any other Indebtedness

having equal or substantially equal Lien priority to the Notes and the Subsidiary Guarantees, as the case may be (taking into account the Group Intercreditor Agreement or any Additional Intercreditor Agreement), are simultaneously released.

Any other additional security interests that may in the future be pledged to secure obligations under the Notes and the Indenture would also constitute Collateral.

After giving effect to the Refinancing, the Collateral will also secure the 2014 UM Senior Notes and any Additional Notes. The Collateral (other than the Issuer Share Pledge) will also secure the Super Senior Revolving Credit Facility, the Senior Revolving Credit Facility and the Existing Senior Secured Notes and certain Hedging Obligations. The agreements to be entered into between, *inter alios*, the Security Trustee, the Issuer and the other Grantors pursuant to which security interests in the Collateral are granted to secure the Notes and the Subsidiary Guarantees from time to time are referred to as the "**Security Documents**".

Our German counsel has advised us that, after giving effect to the issuance of the Notes and the application of the proceeds thereof (including the redemption (the "**Refinancing**") of the Issuer's €617,972,000 aggregate principal amount of 9$^{1}/_{2}$% Senior Notes due 2021) as a matter of German law: (a) the Issuer Share Pledge to be granted to the Security Trustee under the Notes ranks junior to the first ranking share pledge over such Capital Stock previously granted in favor of the Security Trustee in relation to the obligations under the 2014 UM Senior Notes because it is granted at a later point in time, (b) the share pledges to be granted over the shares of Unitymedia Management, Unitymedia Verwaltung and Unitymedia Hessen rank junior to the shares pledges over such Capital Stock to be granted prior thereto and/or already granted to secure the Super Senior Revolving Credit Facility, the Senior Revolving Credit Facility, certain Hedging Obligations and the abstract acknowledgement of debt (*abstraktes Schuldanerkenntnis*) granted to the Security Trustee in relation to the obligations under each of the Existing Senior Secured Notes and the 2014 UM Senior Notes; and (c) the pledge to be granted over the claims under certain domination and/or profit and loss absorption agreements ranks junior to the pledges over such claims to be granted prior thereto and/or already granted to secure the Super Senior Revolving Credit Facility, the Senior Revolving Credit Facility, certain Hedging Obligations and the abstract acknowledgement of debt (*abstraktes Schuldanerkenntnis*) granted to the Security Trustee in relation to the Existing Senior Secured Notes and the 2014 UM Senior Notes, in each case in relation to (b) and (c) above, because they are being granted consecutively at a later point in time.

However, after giving effect to the Refinancing, the terms of the Holdco Intercreditor Agreement (which also applies to the 2014 UM Senior Notes) will provide that the benefit of the first-ranking share pledge over the shares of the Issuer previously granted in favor of the 2014 UM Senior Notes and the second-ranking Issuer Share Pledge to be granted in favor of the Notes are shared equally and ratably with the 2014 UM Senior Notes, the Notes (including any Additional Notes) and all future Pari Passu Indebtedness that is permitted to be secured over the Capital Stock of the Issuer by the applicable provisions of the Indenture. Furthermore, after giving effect to the Refinancing, the Group Intercreditor Agreement (which is also applicable to the Super Senior Revolving Credit Facility, the Senior Revolving Credit Facility, certain Hedging Obligations, the Existing Senior Secured Notes and the 2014 UM Senior Notes) provides that the proceeds of any enforcement of the security interests in the Collateral (other than the Issuer Share Pledge which is governed by the terms of the Holdco Intercreditor Agreement) will be applied in repayment of the Super Senior Revolving Credit Facility, the Senior Revolving Credit Facility, the Existing Senior Secured Notes, certain Hedging Obligations and certain other Senior Indebtedness permitted to be secured by the Collateral (other than the Issuer Share Pledge) by the applicable terms of the Indenture prior to being applied to repayment of the Notes and the 2014 UM Senior Notes. Please note that this contractual arrangement is subject to certain limitations under German law. In the event of insolvency proceedings opened under German law against a security grantor of such junior ranking pledges, the preferential rights of the secured parties under such junior ranking pledges would rank behind the preferential rights of the secured parties under the senior ranking pledges over the same assets, regardless of the provisions of the Intercreditor Agreements. The secured parties under such junior ranking pledges would have to rely on the provisions of the Intercreditor Agreements in order to share any enforcement proceeds.

The Trustee, acting on behalf of the holders of the Notes, will accede to the Group Intercreditor Agreement and the Holdco Intercreditor Agreement on or about the Issue Date. The Indenture also provides that each holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreements and any Additional Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein).

Subject to certain conditions, including compliance with the covenant described under "— *Certain Covenants — Impairment of Security Interests*", the Issuer is permitted to pledge the Collateral in connection with future issuances of its Indebtedness, including any Additional Notes, or Indebtedness of the Restricted Subsidiaries, in each case permitted under the Indenture and on terms consistent with the relative priority of

such Indebtedness. In addition to the release provisions described below, the security interest over the Collateral will cease to exist by operation of law or will be released, depending on the type of security interest, upon the defeasance or discharge of the Notes as provided in "*Certain Covenants — Defeasance*" or "*Certain Covenants — Satisfaction and Discharge*", in each case in accordance with the terms and conditions of the Indenture.

The security interests over some or all of the Collateral may also be released in circumstances described under "*— Releases*".

No appraisals of any of the Collateral have been prepared by or on behalf of the Issuer in connection with the issuance of the Notes. There can be no assurance that the proceeds from the sale of the Collateral remaining after sharing with other creditors entitled to share in such proceeds would be sufficient to satisfy the obligations owed to the holders of the Notes. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral will be able to be sold in a short period of time, if at all. In addition, the Intercreditor Agreements place limitations on the ability of the Security Trustee to release the security interests in some of the Collateral, by reference to the interests of other creditors. These limitations may include requirements that some or all of the Collateral be disposed of only pursuant to public auctions or only at a price confirmed by a valuation. See "*Description of Other Indebtedness — Intercreditor Agreements*".

The trustee under the 2014 UM Senior Notes and the Trustee have, and by accepting a Note, each holder will be deemed to have, irrevocably appointed the Security Trustee to act as its agent and Security Trustee under the Intercreditor Agreements and the Security Documents. The trustee under the 2014 UM Senior Notes and the Trustee have, and by accepting a Note, each holder will be deemed to have, irrevocably authorized the Security Trustee to (a) enter into the Intercreditor Agreements, (b) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreements or the Security Documents, together with any other incidental rights, power and discretions; and (c) execute each Security Document, waiver, modification, amendment, renewal or replacement expressed to be executed by the Security Trustee on its behalf.

All security interests granted by a German subsidiary of the Issuer will be subject to contractual limitations with respect to maintenance of share capital to the extent there is not an uninterrupted chain of profit and loss absorption agreements or domination agreements in effect between the respective subsidiary and the Issuer.

Priority

After giving effect to the Refinancing, the relative priority among (a) the lenders under the Super Senior Revolving Credit Facility, (b) the counterparties under certain Hedging Obligations secured by the Collateral, (c) the lenders under the Senior Revolving Credit Facility, (d) the holders of the Existing Senior Secured Notes, (e) the holders of the 2014 UM Senior Notes and (f) the Trustee and the holders of Notes under the Indenture with respect to the security interest in the Collateral that is created by the Security Documents and secures obligations under the Notes or the Subsidiary Guarantees and the Indenture is established by the terms of the Intercreditor Agreements, the Indenture, the Security Documents, and the security documents relating to the Super Senior Revolving Credit Facility, such Hedging Obligations, the Senior Revolving Credit Facility, the Existing Senior Secured Notes and the 2014 UM Senior Notes, which provide that:

(1) the obligations under the 2014 UM Senior Notes, the Notes (including any Additional Notes) and the Subsidiary Guarantees will be secured (on a contractual basis under the Holdco Intercreditor Agreement) equally and ratably by a first-priority interest in the Issuer Share Pledge;

(2) the obligations under the Existing Senior Secured Notes, the Super Senior Revolving Credit Facility, the Senior Revolving Credit Facility and certain Hedging Obligations are secured (on a contractual basis under the Group Intercreditor Agreement) equally and ratably by a first-priority interest in the Collateral (other than the Issuer Share Pledge), *provided that* any liabilities in respect of obligations under the Super Senior Revolving Credit Facility and such Hedging Obligations will receive priority with respect to any proceeds received upon any enforcement action over any Collateral; and

(3) the obligations under the 2014 UM Senior Notes, the Notes (including any Additional Notes) and the Subsidiary Guarantees will be secured (on a contractual basis under the Group Intercreditor Agreement) by a junior-priority interest in the Collateral, other than with respect to the Issuer Share Pledge.

Please see the section entitled "*Description of Other Indebtedness — Intercreditor Agreements*". In addition, pursuant to Additional Intercreditor Agreements entered into after the Issue Date in compliance with the Indenture, the Collateral may be pledged to secure other Indebtedness. See "*— Certain Covenants — Impairment of Security Interests*".

Security Documents

On the basis of German law restrictions relating to security interests in the form of pledges, the Security Documents providing for such security interests will secure a debt obligation owed to the Security Trustee as a joint and several creditor under the Notes and the abstract acknowledgement of debt (*abstraktes Schuldanerkenntnis*) to be granted to the Security Trustee in relation to the Notes. See "*Risk Factors — Risks Relating to the Notes — The ability of the Security Trustee to enforce the Collateral is subject to uncertainties under German Law*." When entering into the Security Documents, the Security Trustee acts in its own name, but for the benefit of the holders from time to time. Under the Intercreditor Agreements, the Security Trustee will also act on behalf of the holders of the 2014 UM Senior Notes (who will, after giving effect to the Refinancing and the Holdco Intercreditor Agreement, have the equal and ratable benefit of the same Collateral). The Capital Stock of Unitymedia Management, Unitymedia Hessen and Unitymedia Verwaltung will be pledged to secure on a senior basis obligations under the Super Senior Revolving Credit Facility, the Senior Revolving Credit Facility, the Existing Senior Secured Notes and certain Hedging Obligations. The Capital Stock of the Issuer will not be pledged to secure the Super Senior Revolving Credit Facility, the Senior Revolving Credit Facility, the Existing Senior Secured Notes and certain Hedging Obligations.

Each Security Document will be governed by German law and will provide that the rights under such Security Document must be exercised by the Security Trustee. Since the holders are not parties to the Security Documents, holders may not, individually or collectively, take any direct action to enforce any rights in their favor under the Security Documents. The holders may only act by instructing the Trustee to act through the Security Trustee.

Our German counsel has advised us that there is some uncertainty under German law (a) as to whether obligations owing to beneficial owners of the Notes that are not identified as registered holders in the Security Documents will be validly secured and (b) as to the validity of any security interest created in favor of the Security Trustee to secure the obligations represented by a joint and several creditor obligation and the abstract acknowledgement of debt (*abstraktes Schuldanerkenntnis*) granted to the Security Trustee in relation to the Notes. Also, under German law, in the event that the Issuer or any Guarantor enters into insolvency proceedings, the security interests created under the Security Documents or the joint and several creditor obligation and the abstract acknowledgement of debt (*abstraktes Schuldanerkenntnis*) granted to the Security Trustee in relation to the Notes could be subject to potential challenges by an insolvency administrator (*Insolvenzverwalter*) under German rules regarding avoidance of transactions under the German Insolvency Code (*Insolvenzordnung*). Outside of insolvency proceedings, third-party creditors of the Issuer or a Guarantor may in certain circumstances have an avoidance right under the German Code on Avoidance (*Anfechtungsgesetz*). If any challenge to the validity of the security interests is successful, the holders may not be able to recover any amounts under the Security Documents. Please see the section entitled "*Risk Factors — Risks Relating to the Notes — The insolvency laws of Germany and other local insolvency laws may not be as favorable to you as the U.S. bankruptcy laws and may preclude holders of the Notes from recovering payments due on the Notes*".

Releases

The security interests created by the relevant Security Documents will be automatically and unconditionally released:

(1) in the event of a sale or disposition (including through merger or consolidation but other than pursuant to an Enforcement Sale) of assets included in the Collateral to a Person that is not (either before or after giving effect to such transaction) the Issuer or a Restricted Subsidiary, *provided* that such sale or disposition is in compliance with the Indenture, including but not limited to the provisions described under "*— Certain Covenants — Limitation on Sales of Assets and Subsidiary Stock*", or in connection with any other release of a Restricted Subsidiary from its obligations as a Guarantor permitted under the Indenture;

(2) if such Collateral is the Capital Stock of, or an asset of, a Guarantor or any of its Subsidiaries, in connection with any sale or other disposition of Capital Stock of that Guarantor to a Person that is not (either before or after giving effect to such transaction) the Issuer or a Restricted Subsidiary that

is in compliance with the Indenture, including but not limited to the provisions described under "— *Certain Covenants — Limitation on Sales of Assets and Subsidiary Stock*;"

(3) if the applicable Subsidiary of which such Capital Stock or assets are pledged or assigned is designated as an Unrestricted Subsidiary in compliance with the covenant entitled "— *Certain Covenants — Limitation on Restricted Payments*;"

(4) to release and/or re-take any Lien on any Collateral to the extent otherwise permitted by the terms of the Indenture (including, without limitation, as may be permitted by the covenants described under "— *Certain Covenants — Impairment of Security Interests*" and "— *Certain Covenants — Limitation on Liens*");

(5) following a Default under the Indenture or a default under any other Indebtedness secured by the Collateral (other than the Issuer Share Pledge), pursuant to an Enforcement Sale (see "*Description of Other Indebtedness — Group Intercreditor Agreement — Limitations on Enforcement*");

(6) as described under "— *Certain Covenants — Amendments and Waivers*";

(7) upon the full and final payment and performance of all obligations of the Issuer and the Guarantors under the Indenture and the Notes;

(8) in connection with any transfer of the Capital Stock of the Issuer or any Guarantor in connection with the Post-Closing Reorganizations; *provided* that the transferee of the Capital Stock of the Issuer grants a pledge over the Capital Stock of the Issuer (having the same ranking as the Issuer Share Pledge prior to such transfer (taking the Holdco Intercreditor Agreement or any Additional Intercreditor Agreement into account)) held by such transferee for the benefit of the holders following such transfer;

(9) with the consent of holders of at least seventy-five percent (75%) in aggregate principal amount of the Notes (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes);

(10) if such Collateral is Capital Stock of, or an asset of, a Guarantor, or any other Restricted Subsidiary; *provided* that any other Lien on such Collateral that secures any other Indebtedness having equal or substantially equal Lien priority to the Notes and the Subsidiary Guarantees, as the case may be, on the Collateral (taking into account the Group Intercreditor Agreement or any Additional Intercreditor Agreement), is simultaneously released; or

(11) if the Collateral is owned by a Guarantor that is released from its Subsidiary Guarantee in accordance with the Indenture.

In addition, the security interests created by the Security Documents will be released in accordance with the Security Documents, the Intercreditor Agreements and any Additional Intercreditor Agreement. The security interests will also be released upon the defeasance or discharge of the Notes as provided in "— *Certain Covenants — Defeasance*" or "— *Certain Covenants — Satisfaction and Discharge*", in each case, in accordance with the terms and conditions of the Indenture.

Upon certification by the Issuer, the Trustee and the Security Trustee shall take all necessary actions, including the granting of releases or waivers under the Intercreditor Agreements and any Additional Intercreditor Agreement, to effectuate any release in accordance with these provisions, subject to customary protections and indemnifications. The Security Trustee and/or Trustee (as applicable) will agree to any release of the security interests created by the Security Documents that is in accordance with the Indenture, the Security Documents, the Intercreditor Agreements and any Additional Intercreditor Agreement without requiring any consent of the holders.

Enforcement

The Indenture and the Group Intercreditor Agreement restrict the ability of the holders or the Trustee to instruct the Security Trustee to enforce the security interests created by the Security Documents (other than the Issuer Share Pledge which is governed by the terms of the Holdco Intercreditor Agreement) and provide for the release of the security interests created by the Security Documents (other than the Issuer Share Pledge) in certain circumstances upon enforcement by the lenders under the Super Senior Revolving Credit Facility and the Senior Revolving Credit Facility, the holders of the Existing Senior Secured Notes and the counterparties under certain Hedging Obligations secured by the Collateral. These limitations are described under "*Description of Other Indebtedness — Group Intercreditor Agreement*". In general, the rights of the Security Trustee (acting on its

own behalf or on behalf of the holders) to take enforcement action under the Security Documents with respect to the Collateral are subject to certain standstill provisions similar to those that apply to the Subsidiary Guarantees and other limitations on enforcement described under "— S*ubordination of the Subsidiary Guarantees — Subordination on the Basis of the Group Intercreditor Agreement*".

Furthermore, the ability of the Security Trustee to enforce the Issuer Share Pledge is restricted by the terms of the Holdco Intercreditor Agreement and will be at the discretion of the creditors and/or holders representing, after giving effect to the Refinancing, a majority of all outstanding amounts under the 2014 UM Senior Notes, the Notes (including any Additional Notes) and all future Pari Passu Indebtedness that is permitted to be secured over the Capital Stock of the Issuer by the applicable provisions of the Indenture, until certain conditions are met. See "*Description of Other Indebtedness — Holdco Intercreditor Agreement — Holdco Instructing Group*".

The ability of the Security Trustee to enforce the security interests created by the Security Documents may also be restricted by similar arrangements in relation to future indebtedness to be secured by the Collateral in compliance with the Indenture. Similar provisions may also be included in any Additional Intercreditor Agreement entered into in compliance with "— *Certain Covenants — Intercreditor Agreements; Additional Intercreditor Agreements*".

Optional Redemption

Optional Redemption on or after January 15, 2021

Except as described below and under "— *Redemption for Taxation Reasons*", the Notes are not redeemable until January 15, 2021. On or after January 15, 2021, the Issuer may redeem all, or from time to time a part, of the Notes upon not less than 10 and not more than 60 days' notice, at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest and Additional Amounts, if any, to the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve month period commencing on January 15 of the years set out below:

Year	Redemption Price
2021	101.875%
2022	100.938%
2023	100.469%
2024 and thereafter	100.000%

In each case above, any such redemption and notice may, in the Issuer's discretion, be subject to satisfaction of one or more conditions precedent.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the Note is registered at the close of business on such record date and no additional interest will be payable to holders whose Notes are subject to redemption by the Issuer.

Optional Redemption prior to January 15, 2021

At any time prior to January 15, 2021, the Issuer may redeem all, or from time to time a part, of the Notes upon not less than 10 nor more than 60 days' notice, at a price equal to 100% of the principal amount thereof plus the Applicable Premium as of, and accrued but unpaid interest and Additional Amounts, if any, to, the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

In each case above, any such redemption and notice may, in the Issuer's discretion, be subject to satisfaction of one or more conditions precedent. If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the Note is registered at the close of business on such record date and no additional interest will be payable to holders whose Notes are subject to redemption by the Issuer.

Optional Redemption upon Equity Offerings

At any time, or from time to time, prior to January 15, 2018, the Issuer may, at its option, use the Net Cash Proceeds of one or more Equity Offerings to redeem, upon not less than 10 nor more than 60 days' notice, up to 40% of the principal amount of the Notes issued under the Indenture (including the principal amount of any Additional Notes) at a redemption price of 103.750% of the principal amount of the Notes redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided* that:

(1) at least 50% of the principal amount of the Notes (which includes Additional Notes, if any) issued under the Indenture remains outstanding immediately after any such redemption; and

(2) the Issuer makes such redemption not more than 180 days after the consummation of any such Equity Offering.

In each case above, any such redemption and notice may, in the Issuer's discretion, be subject to satisfaction of one or more conditions precedent. If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the Note is registered at the close of business on such record date and no additional interest will be payable to holders whose Notes are subject to redemption by the Issuer.

Special Optional Redemption upon UPC Exchange Transaction

At any time on or after the 12-month anniversary of the Issue Date but on or prior to the 60-month anniversary of the Issue Date, the Issuer may, at its option, following completion of a UPC Exchange Transaction, redeem all, but not less than all, of the Notes issued under the Indenture upon not less than 10 nor more than 60 days' notice (which notice of redemption shall be given no later than 10 business days following the completion of such UPC Exchange Transaction), at a redemption price (expressed as a percentage of the principal amount thereof) of:

(1) 101% (if such redemption is on or before the 24-month anniversary of the Issue Date); or

(2) 102% (if such redemption is after the 24-month anniversary of the Issue Date),

in each case, plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

In each case above, any such redemption and notice may, in the Issuer's discretion, be subject to satisfaction of one or more conditions precedent.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the Note is registered at the close of business on such record date and no additional interest will be payable to holders whose Notes are subject to redemption by the Issuer.

Selection and Notice

In the case of any partial redemption, selection of the Notes for redemption will be made by the Trustee on a pro rata basis (or, in the case of Notes issued in global form, based on the procedures of the common depositary) unless otherwise required by law or applicable stock exchange or depositary requirements, although no Notes of €100,000 or less can be redeemed in part. The Trustee will not be liable for selections made by it in accordance with this paragraph. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount thereof to be redeemed. A new Note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original Note.

For Notes which are represented by Global Notes held on behalf of Euroclear or Clearstream, notices may be given by delivery of the relevant notices to Euroclear or Clearstream for communication to entitled account holders in substitution for the aforesaid mailing.

Redemption for Taxation Reasons

The Issuer may redeem the Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' notice to the holders of the Notes (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a "**Tax Redemption Date**") (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), and Additional Amounts (as defined under "— *Withholding Taxes*"), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if the Issuer determines that, as a result of:

(1) any change in, or amendment to, the law or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined under "— *Withholding Taxes*") affecting taxation; or

(2) any change in position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction) (each of the foregoing in clauses (1) and (2), a "**Change in Tax Law**"),

the Issuer is, or on the next interest payment date in respect of the Notes would be, required to pay more than *de minimis* Additional Amounts, and such obligation cannot be avoided by taking reasonable measures available to it (including, without limitation, by appointing a new or additional paying agent in another jurisdiction). The Change in Tax Law must become effective on or after the date of these Listing Particulars. In the case of a successor to the Issuer, the Change in Tax Law must become effective after the date that such entity first makes payment on the Notes. Notice of redemption for taxation reasons will be published in accordance with the procedures described in the Indenture as described under "— *Notices*". Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 90 days prior to the earliest date on which the Payor would be obliged to make such payment of Additional Amounts and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication, delivery or mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer will deliver to the Trustee (a) an Officers' Certificate stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right to so redeem have been satisfied and that it cannot avoid the obligations to pay Additional Amounts by taking reasonable measures available to it; and (b) an opinion of an independent tax counsel reasonably satisfactory to the Trustee to the effect that the circumstances referred to above exist. The Trustee will accept and shall be entitled to rely on such Officers' Certificate and opinion as sufficient evidence of the existence of satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the holders of the Notes.

The foregoing provisions apply *mutatis mutandis* to any successor to the Issuer after such successor person becomes a party to the Indenture.

Redemption at Maturity

On January 15, 2027, the Issuer will redeem the Notes that have not been previously redeemed or purchased and cancelled at 100% of their principal amount plus accrued and unpaid interest thereon, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Withholding Taxes

All payments made by the Issuer, any Guarantor or any successor thereto (a "**Payor**") on the Notes (including any Subsidiary Guarantee for the purposes of this covenant) will be made without withholding or deduction for, or on account of, any present or future taxes (including interest penalties to the extent resulting from a failure by the Issuer to timely pay amounts due), duties, assessments or governmental charges of whatever nature ("**Taxes**") unless the withholding or deduction of such Taxes is then required by law or by the official interpretation or administration thereof. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(1) The Federal Republic of Germany or any political subdivision or governmental authority thereof or therein having power to tax;

(2) any jurisdiction from or through which payment on the Notes is made, or any political subdivision or governmental authority thereof or therein having the power to tax; or

(3) any other jurisdiction in which a Payor is organized or otherwise considered to be a resident for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax (each of clause (1), (2) and (3), a "**Relevant Taxing Jurisdiction**"),

will at any time be required from any payments made with respect to the Notes, including payments of principal, redemption price, interest or premium, the Payor will pay (together with such payments) such additional amounts (the "**Additional Amounts**") as may be necessary in order that the net amounts received in respect of such payments by each holder of the Notes, as the case may be, after such withholding or deduction (including any such deduction or withholding from such Additional Amounts) equal the amounts which would have been received in respect of such payments in the absence of such withholding or deduction; *provided*, *however*, that no such Additional Amounts will be payable with respect to:

(a) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant holder or beneficial owner and the Relevant Taxing Jurisdiction imposing such Taxes (other than the mere ownership or holding of such Note or enforcement of rights thereunder or under the Indenture or the receipt of payments in respect thereof);

(b) any Taxes that would not have been so imposed if the holder had made a declaration of non-residence or any other claim or filing for exemption to which it is entitled (*provided* that (i) such declaration of non-residence or other claim or filing for exemption is required by the applicable law of the Relevant Taxing Jurisdiction as a precondition to exemption from the requirement to deduct or withhold all or a part of any such Taxes and (ii) at least 30 days prior to the first payment date with respect to which such declaration of non-residence or other claim or filing for exemption is required under the applicable law of the Relevant Taxing Jurisdiction, the relevant holder at that time has been notified (in accordance with the procedures set forth in the Indenture) by the Payor or any other person through whom payment may be made that a declaration of non-residence or other claim or filing for exemption is required to be made, but only to the extent the holder is legally entitled to provide such declaration, claim or filing);

(c) any Note presented for payment (where presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented during such 30-day period);

(d) any Taxes that are payable otherwise than by withholding from a payment of the principal of, premium, if any, or interest on the Notes;

(e) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;

(f) any Taxes withheld or deducted on a payment and required to be withheld or deducted pursuant to the European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such directive;

(g) any Taxes which could have been avoided by the presentation (where presentation is required) of the relevant Note to another Paying Agent in a member state of the European Union;

(h) all United States backup withholding taxes;

(i) any withholding or deduction imposed pursuant to (a) Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (as amended), as of the Issue Date (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof, (b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the United States and any other jurisdiction, which (in either case) facilitates the implementation of (a) above or (c) any agreement pursuant to the implementation of (a) or (b) above with the U.S. Internal Revenue Service, the U.S. government or any governmental or taxation authority in any other jurisdiction; or

(j) any combination of items (a) through (i) above.

Such Additional Amounts will also not be payable where, had the beneficial owner of the Note been the holder, it would not have been entitled to payment of Additional Amounts by reason of any of clauses (a) to (j) inclusive above.

The Payor will (1) make any required withholding or deduction and (2) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes and will provide such certified copies (or, if certified copies are not available despite reasonable efforts of the Payor, other evidence of payment reasonably satisfactory to the Trustee) to each holder. The Payor will attach to each certified copy (or other evidence) a certificate stating (a) that the amount of withholding Taxes evidenced by the certified copy was paid in connection with payments in respect of the principal amount of Notes then outstanding and (b) the amount of such withholding Taxes paid per €1,000 principal amount of the Notes. Copies of such documentation will be available for inspection during ordinary business hours at the office of the Trustee by the holders of the Notes upon request and will be made available at the offices of the Paying Agent if the Notes are then listed on the Luxembourg Stock Exchange.

At least 30 days prior to each date on which any payment under or with respect to the Notes is due and payable (unless such obligation to pay Additional Amounts arises shortly before or after the 30th day prior to such date, in which case it shall be promptly thereafter), if the Payor will be obligated to pay Additional Amounts with respect to such payment, the Payor will deliver to the Trustee an Officers' Certificate stating the fact that such Additional Amounts will be payable, the amounts so payable and will set forth such other information necessary to enable the Trustee to pay such Additional Amounts to holders on the payment date. Each such Officers' Certificate shall be relied upon until receipt of a further Officers' Certificate addressing such matters. The Trustee shall be entitled to rely solely on each such Officers' Certificate as conclusive proof that such payments are necessary.

Wherever mentioned in the Indenture, the Notes or this Description of the Notes, in any context: (1) the payment of principal, (2) purchase prices in connection with a purchase of Notes, (3) interest, or (4) any other amount payable on or with respect to the Notes, such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay any present or future stamp, court or documentary taxes or any other excise or property taxes, charges or similar levies (including interest and penalties to the extent resulting from a failure by the Issuer to timely pay amounts due) which arise in any jurisdiction from the execution, delivery or registration of any Notes or any other document or instrument referred to therein (other than a transfer of the Notes), or the receipt of any payments with respect to the Notes, excluding any such taxes, charges or similar levies imposed by any jurisdiction that is not a Relevant Taxing Jurisdiction or any jurisdiction in which a Paying Agent is located, other than those resulting from, or required to be paid in connection with, the enforcement of the Notes, the Collateral or any other such document or instrument following the occurrence of any Event of Default with respect to the Notes.

The foregoing obligations will survive any termination, defeasance or discharge of the Indenture and apply *mutatis mutandis* to any jurisdiction in which any successor to a Payor is organized or any political subdivision or taxing authority or agency thereof or therein.

Post-Closing Reorganizations

Following the issuance of the Notes, the Ultimate Parent may effect a reorganization of its group (the "**Post-Closing Reorganizations**"). The Post-Closing Reorganizations are expected to include (1) a distribution or other transfer of the Issuer and its Subsidiaries or a Parent of the Issuer to the Ultimate Parent or a first tier or second tier Subsidiary of the Ultimate Parent through one or more mergers, transfers, consolidations or other similar transactions, and/or (2) the issuance by the Issuer of Capital Stock to the Ultimate Parent or a first tier or second tier Subsidiary of the Ultimate Parent and, as consideration therefor, the assignment or transfer by the Ultimate Parent or such first tier or second tier Subsidiary of the Ultimate Parent of assets to the Issuer.

Certain Covenants

Change of Control

If a Change of Control shall occur at any time, the Issuer shall, pursuant to the procedures described below and in the Indenture, offer (the "**Change of Control Offer**") to purchase all Notes in whole or in part in denominations of €100,000 and in integral multiples of €1,000 in excess thereof, at a purchase price (the "**Change of Control Purchase Price**") in cash in an amount equal to 101% of the principal amount of such Notes, plus any Additional Amounts and accrued and unpaid interest, if any, to the date of purchase (the

"**Change of Control Purchase Date**") (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date); *provided*, *however*, that the Issuer shall not be obliged to repurchase Notes as described under this subsection "— *Change of Control*" in the event and to the extent that it has unconditionally exercised its right to redeem all of the Notes as described under "— *Optional Redemption*" or all conditions to such redemption have been satisfied or waived. No such purchase in part shall reduce the principal amount at maturity of the Notes held by any holder to below €100,000.

Unless the Issuer has unconditionally exercised its right to redeem all the Notes as described under "— *Optional Redemption*" or all conditions to such redemption have been satisfied or waived, within 30 days of any Change of Control, or, at the Issuer's option, at any time prior to a Change of Control following the public announcement thereof or if a definitive agreement is in place for the Change of Control, the Issuer shall notify the Trustee thereof and give written notice of such Change of Control to each holder of Notes, stating to the extent relevant, among other things:

- that a Change of Control has occurred (or may occur) and the date (or expected date) of such event;
- the circumstances and relevant facts regarding such Change of Control;
- the purchase price and the purchase date which shall be fixed by the Issuer on a Business Day no earlier than 10 days nor later than 60 days from the date such notice is mailed or delivered, or such later date as is necessary to comply with requirements under the Exchange Act;
- that any Note not tendered will continue to accrue interest and unless the Issuer defaults in payment of the Change of Control Purchase Price, any Notes accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Purchase Date; and
- certain other procedures that a holder of Notes must follow to accept a Change of Control Offer or to withdraw such acceptance.

If and for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish a public announcement with respect to the results of any Change of Control Offer in a leading newspaper of general circulation in Luxembourg or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Luxembourg Stock Exchange. The ability of the Issuer to repurchase Notes pursuant to a Change of Control Offer may be limited by a number of factors. See "*Risk Factors — Risks Relating to the Notes — We may not be able to obtain enough funds necessary to finance an offer to repurchase your Notes upon the occurrence of certain events constituting a change of control (as defined in the Indenture) as required by the Indenture*".

The Trustee or its authentication agent will promptly authenticate and deliver a new note or notes equal in principal amount to any unpurchased portion of Notes surrendered, if any, to the holder of Notes in global form or to each holder of certificated notes; *provided* that each such new note will be in a principal amount of €100,000 and in integral multiples of €1,000 in excess thereof. The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Purchase Date.

The Issuer will not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer. Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer.

If holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in a Change of Control Offer and the Issuer, or any third party making a Change of Control Offer in lieu of the Issuer as described above, purchases all of the Notes validly tendered and not withdrawn by such holders, the Issuer or such third party will have the right, upon not less than 10 nor more than 60 days' prior notice, given not more than 30 days following such purchase pursuant to the Change of Control Offer described above, to redeem all Notes that remain outstanding following such purchase at a price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest to but excluding the date of the delivery of the notice for such redemption.

The term "all or substantially all" as used in the definition of "Change of Control" has not been interpreted under New York law (which is the governing law of the Indenture) to represent a specific quantitative test. As a consequence, in the event the holders of the Notes elect to exercise their rights under the

Indenture and the Issuer elects to contest such election, there could be no assurance as to how a court interpreting New York law would interpret the phrase.

The provisions of the Indenture do not afford holders of the Notes the right to require the Issuer to repurchase the Notes in the event of a highly leveraged transaction, certain transactions with the Issuer's management or their Affiliates or certain other sale transactions, including a reorganization, restructuring, merger or similar transaction (including, in certain circumstances, an acquisition of the Issuer by management or its affiliates) involving the Issuer that may adversely affect holders of the Notes, if such transaction is not a transaction defined as a Change of Control.

The provisions under the Indenture related to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of the holders of a majority in principal amount of the Notes prior to the occurrence of a Change of Control.

The Issuer will comply with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws or regulations in connection with a Change of Control Offer. To the extent that the provisions of any applicable securities laws or regulations conflict with the provisions of this covenant (other than the obligation to make an offer pursuant to this covenant), the Issuer will comply with the securities laws and regulations and will not be deemed to have breached its obligations described in this covenant by virtue thereof.

Limitation on Indebtedness

The Issuer will not, and will not permit any of the Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided*, *however*, that:

(1) Any Restricted Subsidiary may Incur Indebtedness (including Acquired Indebtedness) if on the date of such Incurrence and after giving effect thereto on a *pro forma* basis (a) the Consolidated Net Leverage Ratio (excluding for the purposes of this clause (1)(a), outstanding Indebtedness of the Issuer as set forth in the definition of Consolidated Net Leverage Ratio) would not exceed 4.00 to 1.00 and (b) the Consolidated Net Leverage Ratio would not exceed 5.00 to 1.00; and

(2) the Issuer may Incur Pari Passu Indebtedness (including Acquired Indebtedness constituting Pari Passu Indebtedness) if on the date of such Incurrence and after giving effect thereto on a pro forma basis the Consolidated Net Leverage Ratio would not exceed 5.00 to 1.00.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness:

(1) Indebtedness of the Issuer and any of the Restricted Subsidiaries under Credit Facilities in the aggregate principal amount at any one time outstanding not to exceed:

  (a) an amount equal to €80 million; plus

  (b) an amount equal to the greater of (i) €420.0 million plus the amount of any Credit Facilities Incurred under the first paragraph of this covenant or any other provision of the second paragraph of this covenant to acquire any property, other assets or Capital Stock of a Person and (ii) 5.0% of Total Assets; plus

  (c) (i) any accrual or accretion of interest that increases the principal amount of Indebtedness under Credit Facilities and (ii) in the case of any refinancing of any Indebtedness permitted under sub-clause (a) or (b) of this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing;

(2) Indebtedness of the Issuer owing to and held by any Restricted Subsidiary (other than a Receivables Entity) or Indebtedness of a Restricted Subsidiary owing to and held by the Issuer or any other Restricted Subsidiary (other than a Receivables Entity); *provided*, *however*, that:

  (a) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Issuer or a Restricted Subsidiary (other than a Receivables Entity); and

  (b) any sale or other transfer of any such Indebtedness to a Person other than the Issuer or a Restricted Subsidiary (other than a Receivables Entity),

  shall be deemed, in each case, to constitute an Incurrence of such Indebtedness by the Issuer or such Restricted Subsidiary, as the case may be;

(3) (a) Indebtedness of the Issuer represented by the Notes (other than any Additional Notes issued after the Issue Date) and the Existing Senior Notes, (b) Indebtedness of the Guarantors represented by the Subsidiary Guarantees, (c) Indebtedness of the Restricted Subsidiaries represented by the Existing Senior Secured Notes and the guarantees of the Existing Senior Secured Notes and (d) Indebtedness represented by the Security Documents, including, with respect to each such Indebtedness "parallel debt" obligations created under the Intercreditor Agreements and the Security Documents;

(4) any Indebtedness (other than the Indebtedness described in clauses (1), (2) and (3)) outstanding on the Issue Date;

(5) any Refinancing Indebtedness Incurred in respect of any Indebtedness described in clause (3), clause (4), this clause (5), clause (6), clause (8) or clause (17) or Incurred pursuant to the first paragraph of this covenant;

(6) Indebtedness of the Issuer or a Restricted Subsidiary (a) Incurred and outstanding on the date on which such Restricted Subsidiary was acquired by the Issuer or a Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Issuer or any Restricted Subsidiary, (b) Incurred to provide all or a portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary or (c) Incurred and outstanding on the date on which such Restricted Subsidiary was acquired by the Issuer or a Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Issuer or any Restricted Subsidiary (other than Indebtedness Incurred in contemplation of the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary); *provided, however*, that with respect to (a) and (b) of this clause (6) only, immediately following the consummation of the acquisition of such Restricted Subsidiary by the Issuer or such other transaction, (i) the Issuer would have been able to Incur €1.00 of additional Pari Passu Indebtedness pursuant to clause (2) of the first paragraph of this covenant after giving pro forma effect to the relevant acquisition or other transaction and the Incurrence of such Indebtedness pursuant to this clause (6) or (ii) the Consolidated Net Leverage Ratio would not be greater than immediately prior to such acquisition or such other transaction;

(7) Indebtedness under Currency Agreements, Commodity Agreements and Interest Rate Agreements entered into for bona fide hedging purposes of the Issuer or the Restricted Subsidiaries and not for speculative purposes (as determined in good faith by the Board of Directors or senior management of the Issuer);

(8) Indebtedness consisting of (a) mortgage financings, Purchase Money Obligations or other financings, Incurred for the purpose of financing all or any part of the purchase price or cost of design, construction, installation or improvement of property (real or personal), plant, equipment or other assets used or useful in the business of the Issuer or any Restricted Subsidiary or (b) Indebtedness otherwise Incurred to finance the purchase, lease, rental or cost of design, development, construction, installation or improvement of property (real or personal), plant, equipment or other assets used or useful in the business of the Issuer or any Restricted Subsidiary, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, and any Refinancing Indebtedness which refinances, replaces or refunds such Indebtedness, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (8) will not exceed the greater of (i) €250.0 million and (ii) 3.0% of Total Assets at any time outstanding so long as such Indebtedness exists on the date of, or commissioning of, or contracting for, such purchase, design, development, construction, installation or improvement, or is created within 270 days thereafter;

(9) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, performance, bid, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Issuer or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business or in respect of any government requirement, (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business, including letters of credit or similar instruments in respect of self-insurance and worker's compensation obligations (c) the financing of insurance premiums in the ordinary course of business

and (d) any customary cash management, cash pooling or netting or setting off arrangements in the ordinary course of business;

(10) Indebtedness arising from agreements of the Issuer or a Restricted Subsidiary providing for indemnification, obligations in respect of earnouts or adjustment of purchase price or similar obligations, in each case, Incurred or assumed in connection with the disposition of any business, assets or Capital Stock of a Restricted Subsidiary, *provided* that the maximum aggregate liability in respect of all such Indebtedness shall at no time exceed the gross proceeds (including the fair market value of non-cash proceeds) actually received by the Issuer and the Restricted Subsidiaries in connection with such disposition;

(11) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business, *provided, however*, that such Indebtedness is extinguished within thirty Business Days of Incurrence;

(12) guarantees by the Issuer or any Restricted Subsidiary of Indebtedness or any other obligation or liability of the Issuer or any Restricted Subsidiary (other than of any Indebtedness Incurred by such Restricted Subsidiary in violation of this covenant); *provided*, *however*, that if the Indebtedness being guaranteed is subordinated in right of payment to the Notes or any Subsidiary Guarantee, then such guarantee shall be subordinated substantially to the same extent as the relevant Indebtedness guaranteed;

(13) [Reserved];

(14) Subordinated Shareholder Loans Incurred by the Issuer;

(15) [Reserved];

(16) Indebtedness of the Issuer or any Restricted Subsidiary in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (16) and then outstanding, will not exceed 100% of the Net Cash Proceeds (other than Net Cash Proceeds, if any, received by the Issuer that were subsequently used to finance the purchase price of the acquisition of the Issuer by Liberty Global, Inc. or refinance any Indebtedness of the Issuer or any of the Restricted Subsidiaries in connection with such acquisition) received by the Issuer from the issuance or sale (other than to the Issuer or a Restricted Subsidiary) of its Subordinated Shareholder Loans or Capital Stock or otherwise contributed to the equity of the Issuer, in each case, subsequent to the Original Unitymedia Notes Issue Date (and in each case, other than through the issuance of Disqualified Stock, Preferred Stock or an Excluded Contribution); *provided, however*, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under clauses 4(c)(ii) and 4(c)(iii) of the first paragraph and clause (1) of the third paragraph of the covenant described below under "— *Limitation on Restricted Payments*" to the extent the Issuer or any Restricted Subsidiary Incurs Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (16) to the extent the Issuer or any Restricted Subsidiary makes a Restricted Payment under clauses 4(c)(ii) and 4(c)(iii) of the first paragraph and clauses (1) of the third paragraph of the covenant described below under "— *Limitation on Restricted Payments*" in reliance thereon; and

(17) in addition to the items referred to in clauses (1) through (16) above, Indebtedness of the Issuer and any of the Restricted Subsidiaries in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (17) and then outstanding, will not exceed the greater of (i) €250.0 million and (ii) 3.0% of Total Assets at any time outstanding.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Issuer, in its sole discretion, will classify such item of Indebtedness on the date of its incurrence and only be required to include the amount and type of such Indebtedness in one of such clauses and will be permitted on the date of such Incurrence to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, and, from time to time,

may reclassify all or a portion of such Indebtedness, in any manner that complies with this covenant;

(2) any Indebtedness under the Super Senior Revolving Credit Facility and the Senior Revolving Credit Facility outstanding on the Issue Date will be deemed to have been Incurred under clause (1) of the second paragraph of this covenant on such date, and any Indebtedness Incurred under clause (1)(a) of the second paragraph of this covenant may not be reclassified;

(3) guarantees of, or obligations in respect of letters of credit relating to, Indebtedness which is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(4) if obligations in respect of letters of credit are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (1) of the second paragraph above and the letters of credit relate to other Indebtedness, then such other Indebtedness shall not be included;

(5) the principal amount of any Disqualified Stock of the Issuer, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(6) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness; and

(7) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined in accordance with IFRS.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest or dividends in the form of additional Indebtedness, Preferred Stock or Disqualified Stock and increases in the amount of Indebtedness due to a change in accounting principles will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant. The amount of any Indebtedness outstanding as of any date shall be (i) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (ii) the principal amount or liquidation preference thereof, together with any interest thereon that is more than 30 days past due, in the case of any other Indebtedness.

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary as of such date.

For purposes of determining compliance with any euro-denominated restriction on the Incurrence of Indebtedness, the Euro Equivalent principal amount of Indebtedness denominated in a foreign currency shall be (1) calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first committed or first Incurred (whichever yields the lower Euro Equivalent), in the case of revolving credit Indebtedness; *provided* that if such Indebtedness is Incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable euro- dominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-dominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced and (2) if and for so long as any such Indebtedness is subject to an agreement intended to protect against fluctuations in currency exchange rates with respect to the currency in which such Indebtedness is denominated covering principal and interest on such Indebtedness, the swapped rate of such Indebtedness as of the date of the applicable swap. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer and the Restricted Subsidiaries may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

For purposes of determining compliance with the first paragraph of this covenant, the Euro Equivalent principal amount of Indebtedness denominated in a foreign currency (if such Indebtedness has not been swapped into euro, or if such Indebtedness has been swapped into a currency other than euro) shall be calculated using the same weighted average exchange rates for the relevant period used in the consolidated financial statements of the Issuer for calculating the Euro Equivalent of Consolidated EBITDA denominated in the same currency as the currency in which such Indebtedness is denominated or into which it has been swapped.

Limitation on Restricted Payments

The Issuer will not, and will not permit any of the Restricted Subsidiaries, directly or indirectly:

(1) to declare or pay any dividend or make any distribution on or in respect of its Capital Stock (including any payment in connection with any merger or consolidation involving the Issuer or any of the Restricted Subsidiaries) except:

  (a) dividends or distributions payable in Capital Stock of the Issuer (other than Disqualified Stock) or Subordinated Shareholder Loans; and

  (b) dividends or distributions payable to the Issuer or a Restricted Subsidiary (and if such Restricted Subsidiary is not a Wholly Owned Subsidiary of the Issuer, to its other holders of common Capital Stock on a *pro rata* basis);

(2) to purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Issuer or any Parent of the Issuer held by Persons other than the Issuer or a Restricted Subsidiary;

(3) to purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Obligations (other than (x) the purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Obligations purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement or (y) Indebtedness permitted under clause (2) of the second paragraph under the covenant described under "— *Limitation on Indebtedness*"); or

(4) to make any Restricted Investment in any Person;

(any such dividend, distribution, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (4) is referred to herein as a "**Restricted Payment**"), if at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment:

  (a) a Default shall have occurred and be continuing (or would result therefrom); or

  (b) the Issuer is not able to Incur an additional €1.00 of Pari Passu Indebtedness pursuant to clause (2) of the first paragraph under the covenant described under "— *Limitation on Indebtedness*", after giving effect, on a *pro forma* basis, to such Restricted Payment; or

  (c) the aggregate amount of such Restricted Payment and all other Restricted Payments declared or made subsequent to the Issue Date and not returned or rescinded would exceed the sum of:

    (i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the beginning of the first fiscal quarter commencing after the Original Unitymedia Notes Issue Date to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which financial statements are available (or, in case such Consolidated Net Income is a deficit, minus 100% of such deficit);

    (ii) 100% of the aggregate Net Cash Proceeds and the fair market value, as determined in good faith by the Board of Directors or senior management of the Issuer, of marketable securities, or other property or assets, received by the Issuer from the issue or sale of its Capital Stock (other than Disqualified Stock) or Subordinated Shareholder Loans or other capital contributions subsequent to the Original Unitymedia Notes Issue Date (other than (x) Net Cash Proceeds received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan, option plan or similar trust to the extent such sale to an employee stock ownership plan or similar trust is financed by loans from or guaranteed by the Issuer or any Restricted Subsidiary unless such loans have been repaid with cash on or prior to the date of determination, (y) Excluded Contributions) or (z) Net Cash Proceeds, if any, received by the Issuer that were subsequently used to finance the purchase price of the acquisition of the Issuer by Liberty Global, Inc. or refinance any Indebtedness of the Issuer or any of the Restricted Subsidiaries in connection with such acquisition);

(iii) 100% of the aggregate Net Cash Proceeds and the fair market value, as determined in good faith by the Board of Directors or senior management of the Issuer, of marketable securities, or other property or assets, received by the Issuer or any Restricted Subsidiary from the issuance or sale (other than to the Issuer or a Restricted Subsidiary) by the Issuer or any Restricted Subsidiary subsequent to the Original Unitymedia Notes Issue Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Issuer (other than Disqualified Stock) or Subordinated Shareholder Loans;

(iv) the amount equal to the net reduction in Restricted Investments made by the Issuer or any of the Restricted Subsidiaries resulting from:

(A) repurchases, redemptions or other acquisitions or retirements of any such Restricted Investment, proceeds realized upon the sale or other disposition to a Person other than the Issuer or a Restricted Subsidiary of any such Restricted Investment, repayments of loans or advances or other transfers of assets (including by way of dividend, distribution, interest payments or returns of capital) to the Issuer or any Restricted Subsidiary; or

(B) the redesignation of Unrestricted Subsidiaries as Restricted Subsidiaries (valued, in each case, as provided in the definition of "Investment") not to exceed, in the case of any Unrestricted Subsidiary, the amount of Investments previously made by the Issuer or any Restricted Subsidiary in such Unrestricted Subsidiary,

which amount in each case under this clause (iv) was included in the calculation of the amount of Restricted Payments; *provided*, *however*, that no amount will be included in Consolidated Net Income for the purposes of the preceding clause (i) to the extent that it is (at the Issuer's option) included under this clause (iv); and

(v) 100% of the Net Cash Proceeds and the fair market value (as determined in accordance with the next succeeding paragraph) of marketable securities, or other property or assets, received by the Issuer or any of the Restricted Subsidiaries in connection with: (A) the sale or other disposition (other than to the Issuer or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock of an Unrestricted Subsidiary; and (B) any dividend or distribution made by an Unrestricted Subsidiary to the Issuer or a Restricted Subsidiary; *provided*, *however*, that no amount will be included in Consolidated Net Income for the purposes of the preceding clause (i) to the extent that it is (at the Issuer's option) included under this clause (v).

The fair market value of property or assets other than cash covered by the preceding sentence shall be the fair market value thereof as determined in good faith by the Board of Directors or senior management of the Issuer.

The provisions of the preceding paragraph will not prohibit:

(1) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Capital Stock, Disqualified Stock, Subordinated Shareholder Loans or Subordinated Obligations of the Issuer made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the substantially concurrent (and in any event not more than 90 days following) sale of, or issuance of, Subordinated Shareholder Loans or Capital Stock of the Issuer (other than Disqualified Stock or Capital Stock issued or sold to a Subsidiary or an employee stock ownership plan or similar trust to the extent such sale to an employee stock ownership plan or similar trust is financed by loans from or guaranteed by the Issuer or any Restricted Subsidiary unless such loans have been repaid with cash on or prior to the date of determination) or of a substantially concurrent capital contribution to the Issuer; *provided*, *however*, that (a) such purchase, repurchase, redemption, defeasance, acquisition or retirement will be excluded in subsequent calculations of the amount of Restricted Payments and (b) the Net Cash Proceeds from such sale or issuance of Capital Stock or Subordinated Shareholder Loans or from such capital contribution will be excluded from clause (c)(ii) of the preceding paragraph;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Obligations of the Issuer or a Restricted Subsidiary made by exchange for, or out of the proceeds of the substantially concurrent (and in any event not more than 90 days following) sale of, Subordinated Obligations of the Issuer or such Restricted Subsidiary that is permitted to be Incurred pursuant to the covenant described under "— *Limitation on Indebtedness*" and that in each case constitutes Refinancing Indebtedness; *provided*, *however*, that such purchase, repurchase, redemption, defeasance, acquisition or retirement will be excluded in subsequent calculations of the amount of Restricted Payments;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Disqualified Stock of the Issuer or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent (and in any event not more than 90 days following) sale of Disqualified Stock of the Issuer or such Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under "— *Limitation on Indebtedness*" and that in each case constitutes Refinancing Indebtedness; *provided*, *however*, that such purchase, repurchase, redemption, defeasance, acquisition or retirement will be excluded in subsequent calculations of the amount of Restricted Payments;

(4) dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with this provision; *provided*, *however*, that such dividends will be included in subsequent calculations of the amount of Restricted Payments;

(5) the purchase, repurchase, defeasance, redemption or other acquisition, cancellation or retirement for value of Capital Stock, or options, warrants, equity appreciation rights or other rights to purchase or acquire Capital Stock of the Issuer or any Restricted Subsidiary or any parent of the Issuer held by any existing or former employees or management of the Issuer or any Subsidiary of the Issuer or their assigns, estates or heirs, in each case in connection with the repurchase provisions under employee stock option or stock purchase agreements or other agreements to compensate management employees; *provided* that such redemptions or repurchases pursuant to this clause will not exceed an amount equal to €10.0 million in the aggregate during any calendar year (with any unused amounts in any preceding calendar year being carried over to the succeeding calendar year); *provided*, *however*, that the amount of any such repurchase or redemption will be included in subsequent calculations of the amount of Restricted Payments;

(6) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under "— *Limitation on Indebtedness*" above; *provided, however*, that such dividends will be excluded from subsequent calculations of the amount of Restricted Payments.

(7) purchases, repurchases, redemptions, defeasance or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other convertible securities if such Capital Stock represents a portion of the exercise price thereof; *provided*, *however*, that such repurchases will be excluded from subsequent calculations of the amount of Restricted Payments;

(8) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of any Subordinated Obligation:

(a) at a purchase price not greater than 101% of the principal amount of such Subordinated Obligation in the event of a Change of Control in accordance with provisions similar to the "— *Change of Control*" covenant;

(b) at a purchase price not greater than 100% of the principal amount thereof in accordance with provisions similar to the "— *Limitation on Sales of Assets and Subsidiary Stock*" covenant; *provided that*, prior to or simultaneously with such purchase, repurchase, redemption, defeasance or other acquisition or retirement, the Issuer has made the Change of Control Offer or Asset Disposition Offer, as applicable, as provided in such covenant with respect to the Notes and has completed the repurchase or redemption of all Notes validly tendered for payment in connection with such Change of Control Offer or Asset Disposition Offer; and *provided*, *further*, that such purchase, redemption or other acquisition of Subordinated Obligations will be excluded from subsequent calculations of the amount of Restricted Payments; or

(c) (i) consisting of Acquired Indebtedness (other than Indebtedness Incurred to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise

acquired by the Issuer or a Restricted Subsidiary) and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Obligation plus accrued and unpaid interest and any premium required by the terms of any Acquired Indebtedness;

(9) dividends, loans, advances or distributions to any Parent or other payments by the Issuer or any Restricted Subsidiary in amounts equal to:

(a) the amounts required for any Parent to pay Parent Expenses;

(b) the amounts required for any Parent to pay Public Offering Expenses or fees and expenses related to any other equity or debt offering of such Parent that are directly attributable to the operation of the Issuer and the Restricted Subsidiaries;

(c) the amounts required for any Parent to pay Related Taxes; and

(d) amounts constituting payments satisfying the requirements of clauses (11) and (12) of the second paragraph of the covenant described under "— *Limitation on Affiliate Transactions*",

provided, that such dividends, loans, advances, distributions or other payments will be excluded from subsequent calculations of the amount of Restricted Payments;

(10) Restricted Payments in an aggregate amount outstanding at any time not to exceed the aggregate cash amount of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments in exchange for or using as consideration Investments previously made under this clause, *provided* that the amount of such Restricted Payments will be excluded from subsequent calculations of the amount of Restricted Payments;

(11) payments by the Issuer, or loans, advances, dividends or distributions to any parent company of the Issuer to make payments to holders of Capital Stock of the Issuer or any parent company of the Issuer in lieu of the issuance of fractional shares of such Capital Stock; *provided* that the net amount of such payments will be excluded from subsequent calculations of the amount of Restricted Payments;

(12) so long as no Default or Event of Default of the type specified in clauses (1) or (2) under "— *Events of Default*" has occurred and is continuing, Restricted Payments to be applied to scheduled cash interest payments on Indebtedness of any Parent to the extent that such Indebtedness is guaranteed by the Issuer pursuant to a guarantee otherwise permitted to be Incurred under the Indenture; *provided*, *however*, that the amount of such payments will be included in subsequent calculations of the amount of Restricted Payments;

(13) so long as no Default or Event of Default of the type specified in clauses (1) or (2) under "— *Events of Default*" has occurred and is continuing, any Restricted Payment to the extent that, after giving *pro forma* effect to any such Restricted Payment, the Consolidated Net Leverage Ratio would not exceed 5.00 to 1.00, *provided* that the net amount of such payments will be included in subsequent calculations of the amount of Restricted Payments; and

(14) Restricted Payments in an aggregate amount at any time outstanding, when taken together with all other Restricted Payments made pursuant to this clause (14), not to exceed the greater of (a) €100.0 million and (b) 3.0% of Total Assets, in the aggregate in any calendar year (with any unused amounts in any preceding calendar year being carried over to the succeeding calendar year); *provided* that the amount of such Restricted Payments will be included in subsequent calculations of the amount of Restricted Payments;

(15) the distribution, as a dividend or otherwise, of shares of Capital Stock of or, Indebtedness owed to the Issuer or a Restricted Subsidiary by, Unrestricted Subsidiaries; *provided*, however, that such distributions will be excluded from subsequent calculations of the amount of Restricted Payments;

(16) following a Public Offering of the Issuer or any Parent, the declaration and payment by the Issuer or such Parent, or the making of any cash payments, advances, loans, dividends or distributions to any Parent to pay, dividends or distributions on the Capital Stock, common stock or common equity interests of the Issuer or any Parent; *provided* that the aggregate amount of all such dividends or distributions under this clause (16) shall not exceed in any fiscal year the greater of (a) 6.0% of the Net Cash Proceeds received from such Public Offering or subsequent Equity Offering by the Issuer or contributed to the capital of the Issuer by any direct or indirect parent company of the Issuer in any form other than Indebtedness or Excluded Contributions and (b) following the Initial Public Offering, an amount equal to the greater of (i) 7.0% of the Market Capitalization and (ii) 7.0% of

the IPO Market Capitalization, *provided* that after giving pro forma effect to the payment of any such dividend or making of any such distribution, the Consolidated Net Leverage Ratio would not exceed 5.00 to 1.00; *provided* that the amount of such Restricted Payments will be included in subsequent calculations of the amount of Restricted Payments;

(17) after the designation of any Restricted Subsidiary as an Unrestricted Subsidiary, distributions (including by way of dividend) consisting of cash, Capital Stock or property or other assets of such Unrestricted Subsidiary that in each case is held by the Issuer or any Restricted Subsidiary; *provided*, *however*, that (x) such distribution or disposition shall include the concurrent transfer of all liabilities (contingent or otherwise) attributable to the property or other assets being transferred; (y) any property or other assets received from any Unrestricted Subsidiary (other than Capital Stock issued by any Unrestricted Subsidiary) may be transferred by way of distribution or disposition pursuant to this clause (17) only if such property or other assets, together with all related liabilities, is so transferred in a transaction that is substantially concurrent with the receipt of the proceeds of such distribution or disposition by the Issuer or such Restricted Subsidiary; and (z) such distribution or disposition shall not, after giving effect to any related agreements, result nor be likely to result in any material liability, tax or other adverse consequences to the Issuer and the Restricted Subsidiaries on a consolidated basis; *provided further*, *however*, that such distributions will be excluded from the calculation of the amount of Restricted Payments, it being understood that proceeds from the disposition of any cash, Capital Stock or property or other assets of an Unrestricted Subsidiary that are so distributed will not increase the amount of Restricted Payments permitted under clause (c)(iv) of the preceding paragraph above; and

(18) Restricted Payments at any time outstanding made with the proceeds of any drawings under a Permitted Revolving Credit Facility in an amount not to exceed the Revolving Facility Excluded Amount, *provided* that, the amount of any Restricted Payment made pursuant to this clause (18) shall be deemed to be reduced (but not below zero) by the aggregate principal amount of any prepayment or repayment (including on a cashless basis) of any such drawings under such Permitted Revolving Credit Facility; *provided* that, the net amount of such Restricted Payments will be included in subsequent calculations of the amount of Restricted Payments.

For purposes of determining compliance with this covenant, in the event that a Restricted Payment meets the criteria of more than one of the categories described in clauses (1) through (18) above, or is permitted pursuant to the first paragraph of this covenant, the Issuer will be entitled to classify such Restricted Payment (or portion thereof) on the date of its payment or later reclassify such Restricted Payment (or portion thereof) in any manner that complies with this covenant.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount and any non-cash Restricted Payment shall be determined in good faith by the Board of Directors or senior management of the Issuer.

Limitation on Liens

The Issuer will not, and will not permit any of the Restricted Subsidiaries to, directly or indirectly, create, Incur or suffer to exist any Lien (other than Permitted Liens) upon any of its property or assets (including Capital Stock of Restricted Subsidiaries), whether owned on the Issue Date or acquired after that date, which Lien is securing any Indebtedness (such Lien, the "**Initial Lien**"), unless contemporaneously with the Incurrence of such Initial Lien effective provision is made to secure the Indebtedness due under the Indenture and the Notes or, in respect of Liens on any Guarantor's property or assets, such Guarantor's Subsidiary Guarantee, equally and ratably with (or (a) on a junior priority basis if such Indebtedness is Senior Indebtedness of a Guarantor or (b) prior to, in the case of Liens with respect to Subordinated Obligations of a Guarantor, as the case may be) the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured.

Any such Lien thereby created in favor of the Notes will be automatically and unconditionally released and discharged upon (a) the release and discharge of the Initial Lien to which it relates, (b) any sale, exchange or transfer to any Person other than the Issuer or any Restricted Subsidiary of the property or assets secured by such Initial Lien, (c) the full and final payment of all amounts payable by the Issuer under the Notes and the Indenture, (d) with respect to any Additional Guarantor, the assets or the Capital Stock of which are encumbered by such Lien, upon the release of the Additional Subsidiary Guarantee of such Additional Guarantor in accordance with the provision described under "— *Additional Subsidiary Guarantees*" or (e) the defeasance or

discharge of the Notes in accordance with the defeasance provisions described under "— *Defeasance*" and "— *Satisfaction and Discharge*".

Notwithstanding the foregoing, the Issuer will not, and will not permit any of the Restricted Subsidiaries to, directly or indirectly, create, Incur or suffer to exist any Lien on any Collateral (other than Permitted Collateral Liens).

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Issuer will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock or pay any Indebtedness or other obligations owed to the Issuer or any Restricted Subsidiary;

(2) make any loans or advances to the Issuer or any Restricted Subsidiary; or

(3) transfer any of its property or assets to the Issuer or any Restricted Subsidiary,

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on Common Stock and (y) the subordination of (including but not limited to, the application of any standstill requirements to) loans or advances made to the Issuer or any Restricted Subsidiary to other Indebtedness Incurred by the Issuer or any Restricted Subsidiary, shall not be deemed to constitute such an encumbrance or restriction.

The preceding provisions will not prohibit:

(1) any encumbrance or restriction pursuant to (a) an agreement in effect at or entered into on the Issue Date (including, without limitation, the Indenture, the Existing Senior Notes Indenture, the Existing Senior Secured Notes Indentures, the Super Senior Revolving Credit Facility, the Senior Revolving Credit Facility, the Group Intercreditor Agreement and the Security Documents, in each case, as in effect on the Issue Date) or (b) the Holdco Intercreditor Agreement;

(2) any encumbrance or restriction pursuant to an agreement or instrument of a Person relating to any Capital Stock or Indebtedness of a Person, Incurred on or before the date on which such Person was acquired by or merged or consolidated with or into the Issuer or any Restricted Subsidiary, or on which such agreement or instrument is assumed by the Issuer or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Issuer or was merged or consolidated with or into the Issuer or any Restricted Subsidiary or in contemplation of such transaction) and outstanding on such date, *provided*, that any such encumbrance or restriction shall not extend to any assets or property of the Issuer or any other Restricted Subsidiary other than the assets and property so acquired and *provided*, *further*, that for the purposes of this clause, if another Person is the Successor Company, any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Issuer or any Restricted Subsidiary when such Person becomes the Successor Company;

(3) any encumbrance or restriction pursuant to an agreement or instrument effecting a refunding, replacement or refinancing of Indebtedness Incurred pursuant to, or that otherwise extends, renews, refunds, refinances or replaces, an agreement referred to in clause (1) or (2) of this paragraph or this clause (3) or contained in any amendment, supplement or other modification to an agreement referred to in clause (1) or (2) of this paragraph or this clause (3); *provided*, *however*, that the encumbrances and restrictions, taken as a whole, with respect to such Restricted Subsidiary contained in any such agreement are no less favorable in any material respect to the holders of the Notes than the encumbrances and restrictions contained in such agreements referred to in clauses (1) or (2) of this paragraph (as determined in good faith by the Board of Directors or senior management of the Issuer);

(4) in the case of clause (3) of the first paragraph of this covenant, any encumbrance or restriction:

(i) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any such lease, license or other contract;

(ii) contained in Liens permitted under the Indenture securing Indebtedness of the Issuer or a Restricted Subsidiary to the extent such encumbrances or restrictions restrict the transfer of the property subject to such mortgages, pledges or other security agreements; or

(iii) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Issuer or any Restricted Subsidiary;

(5) any encumbrance or restriction pursuant to (a) Purchase Money Obligations for property acquired in the ordinary course of business and (b) Capitalized Lease Obligations permitted under the Indenture, in each case that impose encumbrances or restrictions of the nature described in clause (3) of the first paragraph of this covenant on the property so acquired;

(6) any Purchase Money Note or other Indebtedness or contractual requirements Incurred with respect to a Qualified Receivables Transaction relating exclusively to a Receivables Entity that, in the good faith determination of the Board of Directors or senior management of the Issuer, are necessary to effect such Qualified Receivables Transaction;

(7) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(8) customary provisions in leases, asset sale agreements, joint venture agreements and other agreements and instruments entered into by the Issuer or any Restricted Subsidiary in the ordinary course of business;

(9) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation, governmental license or order, or required by any regulatory authority;

(10) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business;

(11) any encumbrance or restriction pursuant to Currency Agreements, Commodity Agreements or Interest Rate Agreements; and

(12) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "— *Limitation on Indebtedness*" if (a) the encumbrances and restrictions taken as a whole are not materially less favorable to the holders of the Notes than the encumbrances and restrictions contained in the Super Senior Revolving Credit Facility, the Senior Revolving Credit Facility, the Existing Senior Secured Notes Indentures and the Intercreditor Agreements, in each case, as in effect on the Issue Date (as determined in good faith by the Board of Directors or senior management of the Issuer) or (b) such encumbrances and restrictions taken as a whole are not materially more disadvantageous to the holders of the Notes than is customary in comparable financings (as determined in good faith by the Board of Directors or senior management of the Issuer) and, in each case, either (x) the Issuer reasonably believes that such encumbrances and restrictions will not materially affect the Issuer's ability to make principal or interest payments on the Notes as and when they come due or (y) such encumbrances and restrictions apply only if a default occurs in respect of a payment or financial covenant relating to such Indebtedness.

Limitation on Sales of Assets and Subsidiary Stock

The Issuer will not, and will not permit any of the Restricted Subsidiaries to, make any Asset Disposition, unless:

(1) the Issuer or such Restricted Subsidiary, as the case may be, receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Disposition), as determined in good faith by the Board

of Directors or senior management of the Issuer (including as to the value of all non-cash consideration), of the shares and assets subject to such Asset Disposition;

(2) unless the Asset Disposition is a Permitted Asset Swap, at least 75% of the consideration from such Asset Disposition (excluding any consideration by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise, other than Indebtedness) received by the Issuer or such Restricted Subsidiary, as the case may be, is in the form of cash or Cash Equivalents; and

(3) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by the Issuer or such Restricted Subsidiary, as the case may be:

(a) to the extent the Issuer or any Restricted Subsidiary, as the case may be, elects (or is required by the terms of any Indebtedness), to prepay, repay or purchase Senior Indebtedness of the Issuer (including the Notes) or any Guarantor or Indebtedness of a Restricted Subsidiary that is not a Guarantor (in each case other than Indebtedness owed to the Issuer or an Affiliate of the Issuer) within 365 days from the later of the date of such Asset Disposition or the receipt of such Net Available Cash; *provided*, *however*, that, in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this clause (a), the Issuer or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased; or

(b) to the extent the Issuer or such Restricted Subsidiary elects to invest in or commit to invest in Additional Assets within 365 days from the later of the date of such Asset Disposition or the receipt of such Net Available Cash; *provided*, *however*, that any such reinvestment in Additional Assets made pursuant to a definitive agreement or a commitment approved by the Board of Directors or senior management of the Issuer that is executed or approved within such time will satisfy this requirement, so long as such investment is consummated within 6 months of such 365th day;

provided, that pending the final application of any such Net Available Cash in accordance with clause (a) or clause (b) above, the Issuer or such Restricted Subsidiary may temporarily reduce Indebtedness or otherwise invest such Net Available Cash in any manner not prohibited by the Indenture.

Any Net Available Cash from Asset Dispositions that is not applied or invested or committed to be applied as provided in the preceding paragraph will be deemed to constitute "**Excess Proceeds**". On the 366th day after an Asset Disposition, if the aggregate amount of Excess Proceeds exceeds €250.0 million, the Issuer will be required to make an offer ("**Asset Disposition Offer**") to all holders of Notes and to the extent required by the terms of other Indebtedness of the Issuer or any Guarantor that does not constitute Subordinated Obligations, to all holders of such other Indebtedness outstanding with similar provisions requiring the Issuer or such Guarantor to make an offer to purchase such Indebtedness with the proceeds from any Asset Disposition ("**Other Asset Disposition Indebtedness**"), to purchase the maximum principal amount of Notes and any such Other Asset Disposition Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in cash in an amount equal to 100% of the principal amount of the Notes and Other Asset Disposition Indebtedness plus accrued and unpaid interest to the date of purchase, in accordance with the procedures set forth in the Indenture or the agreements governing the Other Asset Disposition Indebtedness, as applicable, in each case in a principal amount of €100,000 and in integral multiples of €1,000 in excess thereof.

To the extent that the aggregate amount of Notes and Other Asset Disposition Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Issuer may use any remaining Excess Proceeds for general corporate purposes in any manner not prohibited by the Indenture. If the aggregate principal amount of Notes surrendered by holders thereof and Other Asset Disposition Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Trustee shall select the Notes and Other Asset Disposition Indebtedness to be purchased on a *pro rata* basis on the basis of the aggregate principal amount of tendered Notes and Other Asset Disposition Indebtedness. For the purposes of calculating the principal amount of any such Indebtedness not denominated in euro, such Indebtedness shall be calculated by converting any such principal amounts into their Euro Equivalent determined as of a date selected by the Issuer that is within the Asset Disposition Offer Period. Upon completion of such Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

The Asset Disposition Offer, insofar as it relates to the Notes, will remain open for a period of 20 Business Days following its commencement, except to the extent that a longer period is required by applicable law (the "**Asset Disposition Offer Period**"). No later than five Business Days after the termination of the Asset Disposition Offer Period (the "**Asset Disposition Purchase Date**"), the Issuer will purchase the principal amount of Notes and Other Asset Disposition Indebtedness required to be purchased pursuant to this covenant (the "**Asset Disposition Offer Amount**") or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and Other Asset Disposition Indebtedness validly tendered in response to the Asset Disposition Offer.

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than the currency in which the Notes are denominated, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in the currency in which such Notes are denominated that is actually received by the Issuer upon converting such portion into such currency.

If the Asset Disposition Purchase Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest will be paid to the Person in whose name a Note is registered at the close of business on such record date, and no additional interest will be payable to holders who tender Notes pursuant to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Issuer will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Asset Disposition Offer Amount of Notes and Other Asset Disposition Indebtedness or portions of Notes and Other Asset Disposition Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and Other Asset Disposition Indebtedness so validly tendered and not properly withdrawn, in each case in a principal amount of €100,000 and in integral multiples of €1,000 in excess thereof. The Issuer will deliver to the Trustee an Officers' Certificate stating that such Notes or portions thereof were accepted for payment by the Issuer in accordance with the terms of this covenant. The Issuer or the Paying Agent, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) mail or deliver to each tendering holder of Notes or holder or lender of Other Asset Disposition Indebtedness, as the case may be, an amount equal to the purchase price of the Notes or Other Asset Disposition Indebtedness so validly tendered and not properly withdrawn by such holder or lender, as the case may be, and accepted by the Issuer for purchase, and the Issuer will promptly issue a new Note, and the Trustee, upon delivery of an Officers' Certificate from the Issuer will authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such holder, in a principal amount equal to any unpurchased portion of the Note surrendered; *provided* that each such new Note will be in a principal amount of €100,000 and in integral multiples of €1,000. In addition, the Issuer will take any and all other actions required by the agreements governing the Other Asset Disposition Indebtedness. Any Note not so accepted will be promptly mailed or delivered by the Issuer to the holder thereof. The Issuer will publicly announce the results of the Asset Disposition Offer on the Asset Disposition Purchase Date.

For the purposes of this covenant, the following will be deemed to be cash:

(1) the assumption by the transferee of Indebtedness (other than Subordinated Obligations) of the Issuer or any Guarantor or Indebtedness of a Restricted Subsidiary that is not a Guarantor and the release of the Issuer, Guarantor or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Disposition (in which case the Issuer will, without further action, be deemed to have applied such deemed cash to Indebtedness in accordance with clause (3)(a) above);

(2) securities, notes or other obligations received by the Issuer or any Restricted Subsidiary from the transferee that are convertible by the Issuer or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of such Asset Disposition;

(3) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Issuer and each other Restricted Subsidiary are released from any guarantee of payment of the principal amount of such Indebtedness in connection with such Asset Disposition;

(4) consideration consisting of Indebtedness of the Issuer or any Restricted Subsidiary; and

(5) any Designated Non-Cash Consideration received by the Issuer or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value not to exceed 25.0% of the consideration from such Asset Disposition (excluding any consideration received from such Asset Disposition in accordance with clauses (1) to (4) of this paragraph) (with the fair market value of each item of

Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value); and

(6) in addition to any Designated Non-Cash Consideration received pursuant to clause (5) of this paragraph, any Designated Non-Cash Consideration received by the Issuer or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this clause (6) that is at that time outstanding, not to exceed the greater of €120.0 million and 5.0% of Total Assets (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value).

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of any conflict.

Limitation on Affiliate Transactions

The Issuer will not, and will not permit any of the Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Issuer (an "**Affiliate Transaction**") involving aggregate consideration in excess of €15.0 million for such Affiliate Transactions in any fiscal year, *unless*:

(1) the terms of such Affiliate Transaction are not materially less favorable, taken as a whole, to the Issuer or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction in arm's length dealings with a Person who is not such an Affiliate; and

(2) in the event such Affiliate Transaction involves an aggregate consideration in excess of €100.0 million, the terms of such transaction have been approved by a majority of the members of the Board of Directors of the Issuer.

The preceding paragraph will not apply to:

(1) any Restricted Payment permitted to be made pursuant to the covenant described under "— *Limitation on Restricted Payments*" or any Permitted Investment;

(2) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Issuer or any Parent, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultant plans (including, without limitation, valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) and/or indemnities provided on behalf of officers, employees or directors or consultants approved by the Board of Directors of the Issuer, in each case in the ordinary course of business;

(3) loans or advances to employees, officers or directors in the ordinary course of business of the Issuer or any of the Restricted Subsidiaries but in any event not to exceed €10.0 million in the aggregate outstanding at any one time with respect to all loans or advances made since the Issue Date;

(4) (a) any transaction between or among the Issuer and a Restricted Subsidiary (or an entity that becomes a Restricted Subsidiary in connection with such transaction) or between or among Restricted Subsidiaries (or an entity that becomes a Restricted Subsidiary in connection with such transaction) and (b) any guarantees issued by the Issuer or a Restricted Subsidiary for the benefit of the Issuer or a Restricted Subsidiary (or an entity that becomes a Restricted Subsidiary in connection with such transaction), as the case may be, in accordance with "— *Limitation on Indebtedness*";

(5) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of the Indenture, which, taken as a whole, are fair to the Issuer or the relevant Restricted Subsidiary in the reasonable

determination of the Board of Directors of the Issuer or the senior management of the Issuer or the relevant Restricted Subsidiary, as applicable, or are on terms not materially less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(6) loans or advances to any Affiliate of the Issuer by the Issuer or any Restricted Subsidiary, *provided* that the terms of such loan or advance are fair to the Issuer or the relevant Restricted Subsidiary, as the case may be, in the reasonable determination of the Board of Directors or senior management of the Issuer or are on terms not materially less favorable than those that could reasonably have been obtained from an unaffiliated party;

(7) the payment of reasonable and customary fees paid to, and indemnity provided on behalf of, directors of the Issuer or any Restricted Subsidiary;

(8) the performance of obligations of the Issuer or any of the Restricted Subsidiaries under (a) the terms of any agreement to which the Issuer or any of the Restricted Subsidiaries is a party as of or on the Issue Date or (b) any agreement entered into after the Issue Date on substantially similar terms to an agreement under clause (a) of this paragraph (8), in each case, as these agreements may be amended, modified, supplemented, extended or renewed from time to time; *provided, however*, that any such agreement or amendment, modification, supplement, extension or renewal to such agreement, in each case, entered into after the Issue Date will be permitted to the extent that its terms are not materially more disadvantageous to the holders of the Notes than the terms of the agreements in effect on the Issue Date;

(9) sales or other transfers or dispositions of accounts receivable and other related assets customarily transferred in an asset securitization transaction involving accounts receivable to a Receivables Entity in a Qualified Receivables Transaction, and acquisitions of Permitted Investments in connection with a Qualified Receivables Transaction;

(10) the issuance of Capital Stock or any options, warrants or other rights to acquire Capital Stock (other than Disqualified Stock) of the Issuer to any Affiliate;

(11) the payment to any Permitted Holder of all reasonable expenses Incurred by any Permitted Holder in connection with its direct or indirect investment in the Issuer and its Subsidiaries and unpaid amounts accrued for prior periods (but after the Issue Date);

(12) the payment to any Parent or Permitted Holder (1) of Management Fees (a) on a bona fide arm's length basis in the ordinary course of business or (b) of up to the greater of €15.0 million and 0.5% of Total Assets in any calendar year, (2) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including without limitation in connection with acquisitions or divestitures, which payments are approved by a majority of the members of the Board of Directors of the Issuer or (3) of Parent Expenses;

(13) guarantees of Indebtedness and other obligations otherwise permitted under the Indenture;

(14) if not otherwise prohibited under the Indenture, the issuance of Capital Stock (other than Disqualified Stock) or Subordinated Shareholder Loans (including the payment of cash interest thereon; *provided* that, after giving pro forma effect to any such cash interest payment, the Consolidated Net Leverage Ratio would not exceed 5.00 to 1.00) of the Issuer to any direct Parent of the Issuer or any Permitted Holder;

(15) arrangements with customers, clients, suppliers, contractors, lessors or sellers of goods or services that are negotiated with an Affiliate, in each case, which are otherwise in compliance with the terms of the Indenture; *provided* that the terms and conditions of any such transaction or agreement as applicable to the Issuer and the Restricted Subsidiaries, taken as a whole are fair to the Issuer and the Restricted Subsidiaries and are on terms not materially less favorable to the Issuer and the Restricted Subsidiaries than those that could have reasonably been obtained in respect of an analogous transaction or agreement that would not constitute an Affiliate Transaction (in each case, as determined in good faith by the Board of Directors of the Issuer or the senior management of the Issuer);

(16) (a) transactions with Affiliates in their capacity as holders of Indebtedness or Capital Stock of the Issuer or any Restricted Subsidiary, so long as such Affiliates are not treated materially more favorably than holders of such Indebtedness or Capital Stock generally, and (b) transactions with Affiliates in their capacity as borrowers of Indebtedness from the Issuer or any Restricted

Subsidiary, so long as such Affiliates are not treated materially more favorably than holders of such Indebtedness generally;

(17) any tax sharing agreement or arrangement and payments pursuant thereto between or among the Ultimate Parent, the Issuer or any other Person or a Restricted Subsidiary not otherwise prohibited by the Indenture and any payments or other transactions pursuant to a tax sharing agreement between the Issuer and any other Person or a Restricted Subsidiary and any other Person with which the Issuer or any of the Restricted Subsidiaries files a consolidated tax return or with which the Issuer or any of the Restricted Subsidiaries is part of a group for tax purposes;

(18) transactions relating to the provision of Intra-Group Services in the ordinary course of business;

(19) any transaction reasonably necessary to effect the Post-Closing Reorganizations;

(20) any transaction in the ordinary course of business between or among the Issuer or any Restricted Subsidiary and any Affiliate of the Issuer that is an Unrestricted Subsidiary or a joint venture or similar entity that would constitute an Affiliate Transaction solely because the Issuer or a Restricted Subsidiary owns an equity interest in or otherwise controls such Unrestricted Subsidiary, joint venture or similar entity; and

(21) commercial contracts entered into in the ordinary course of business between an Affiliate of the Issuer and the Issuer or any Restricted Subsidiary that are on arm's length terms or on a basis that senior management of the Issuer reasonably believes allocates costs fairly.

Limitation on Layering

The Issuer or any Guarantors may not Incur any Indebtedness that is subordinated in right of payment to other Senior Indebtedness of the Issuer or any Guarantor that ranks *pari passu* with the Notes or Subsidiary Guarantee, as applicable, unless such Indebtedness Incurred by the Issuer or any Guarantor is also subordinated or *pari passu* to the Notes or the relevant Subsidiary Guarantee; *provided, however*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor solely by virtue of being unsecured, by virtue of being secured with different collateral, by virtue of being secured on a junior priority basis or by virtue of the application of waterfall or other payment-ordering provisions.

Limitation on Issuances of Guarantees of Indebtedness by Restricted Subsidiaries

No Restricted Subsidiary (other than a Guarantor) shall guarantee or otherwise become obligated under any Indebtedness under the Existing Senior Notes, or guarantee any other Indebtedness of the Issuer or any Guarantor in an amount in excess of €50.0 million unless such Restricted Subsidiary is or becomes an Additional Guarantor on the date on which such other guarantee or Indebtedness is Incurred (or as soon as reasonably practicable thereafter) and, if applicable, executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide an Additional Subsidiary Guarantee (which Additional Subsidiary Guarantee shall be subordinated to Senior Indebtedness of such Additional Guarantor and senior to or *pari passu* with such Restricted Subsidiary's guarantee of such other Indebtedness); *provided* that,

(1) if such Restricted Subsidiary is not a Significant Subsidiary, such Restricted Subsidiary shall only be obligated to become an Additional Guarantor if such Indebtedness is Indebtedness of the Issuer or Public Debt of a Guarantor or if such Restricted Subsidiary is a direct or indirect holder of any Capital Stock of Unitymedia Hessen;

(2) an Additional Guarantor's Additional Subsidiary Guarantee may be limited in amount to the extent required by fraudulent conveyance, thin capitalization, corporate benefit, financial assistance or other similar laws (but, in such a case (A) each of the Issuer and the Restricted Subsidiaries will use their reasonable best efforts to overcome the relevant legal limit and will procure that the relevant Restricted Subsidiary undertakes all whitewash or similar procedures which are legally available to eliminate the relevant limit and (B) the relevant guarantee shall be given on an equal and ratable basis with the guarantee of any other Indebtedness giving rise to the obligation to guarantee the Notes); and

(3) for so long as it is not permissible under applicable law for a Restricted Subsidiary to become an Additional Guarantor, such Restricted Subsidiary need not become an Additional Guarantor (but, in such a case, each of the Issuer and the Restricted Subsidiaries will use their reasonable best efforts

to overcome the relevant legal prohibition precluding the giving of the guarantee and will procure that the relevant Restricted Subsidiary undertakes all whitewash or similar procedures which are legally available to eliminate the relevant legal prohibition, and shall give such guarantee at such time (and to the extent) that it thereafter becomes permissible).

The preceding paragraph shall not apply to: (1) the granting by such Restricted Subsidiary of a Permitted Lien under circumstances which do not otherwise constitute the guarantee of Indebtedness of the Issuer; or (2) the guarantee by any Restricted Subsidiary of Indebtedness that refinances Indebtedness which benefited from a guarantee by any Restricted Subsidiary Incurred in compliance with this covenant immediately prior to such refinancing.

Notwithstanding the foregoing, any guarantee created pursuant to the provisions described in the foregoing paragraphs shall provide by its terms that it shall be automatically and unconditionally released and discharged upon the occurrence of any events described under "*— Ranking of the Notes, Subsidiary Guarantees and Security — Subsidiary Guarantees — Releases*".

Reports

The Issuer will provide to the Trustee and, in each case of clauses (2) and (3) below, will post on its website (or make similar disclosure); *provided*, *however*, that to the extent any reports are filed on the SEC's website or the Issuer's or Ultimate Parent's website, such reports shall be deemed to be provided to the Trustee:

(1) for so long as the Ultimate Parent files an Annual Report on Form 10-K with the SEC, a copy of such Annual Report within 120 days after the end of the Ultimate Parent's year end;

(2) within 150 days after the end of each fiscal year ending subsequent to the Issue Date, an annual report of the Issuer, containing the following information: (a) audited combined or consolidated balance sheets of the Issuer as of the end of the two most recent fiscal years and audited combined or consolidated income statements and statements of cash flow of Issuer for the three most recent fiscal years, in each case prepared in accordance with IFRS, including appropriate footnotes to such financial statements, and a report of the independent public accountants on the financial statements; (b) to the extent relating to such annual periods, an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, liquidity and capital resources, and critical accounting policies; and (c) to the extent not included in the audited financial statements or operating and financial review, a description of the business, management and shareholders of the Issuer and a description of all material debt instruments; *provided*, *however*, that such reports need not (i) contain any segment data other than as required under IFRS in its financial reports with respect to the period presented, (ii) include any exhibits, or (iii) include separate financial statements for any Affiliates of the Issuer or any acquired businesses;

(3) within 60 days after each of the first three fiscal quarters in each fiscal year, a quarterly report of the Issuer containing the following information: (a) unaudited combined or consolidated financial statements of the Issuer for such period, prepared in accordance with IFRS, and (b) a financial review of such period (including a comparison against the prior year's comparable period), consisting of a discussion of (i) the results of operations and financial condition of the Issuer on a consolidated basis, and material changes between the current period and the prior year's comparable period, (ii) material developments in the business of the Issuer and the Restricted Subsidiaries, (c) financial information and trends in the business in which the Issuer and the Restricted Subsidiaries are engaged and (d) information with respect to any material acquisition or disposal during the period *provided*, *however*, that such reports need not (i) contain any segment data other than as required under IFRS in its financial reports with respect to the period presented, (ii) include any exhibits, or (iii) include separate financial statements for any Affiliates of the Issuer or any acquired businesses; and

(4) within 10 days after the occurrence of such event, information with respect to (a) any change in the independent public accountants of the Issuer (unless such change is made in conjunction with a change in the auditor of the Ultimate Parent), (b) any material acquisition or disposal, and (c) any material development in the business of the Issuer and the Restricted Subsidiaries.

If the Issuer has designated any of its Subsidiaries as Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries constitute Significant Subsidiaries of the Issuer, then the annual and quarterly information required by clauses (2) and (3) of the first paragraph of this covenant shall include a reasonably detailed presentation, either on the face of the financial statements, in the footnotes thereto or in a

separate report delivered therewith, of the financial condition and results of operations of the Issuer and the Restricted Subsidiaries separate from the financial condition and results of operations of such Unrestricted Subsidiaries.

Following any election by the Issuer to change its accounting principles in accordance with the definition of IFRS set forth below under "— *Certain Definitions*", the annual and quarterly information required by clauses (2) and (3) of the first paragraph of this covenant shall include any reconciliation presentation required by clause 2(a) of the definition of IFRS set forth below under "— *Certain Definitions*".

In addition, so long as the Notes remain outstanding and during any period during which the Issuer is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b) of the Exchange Act, the Issuer shall furnish to the holders of the Notes and to prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Merger and Consolidation

The Issuer will not consolidate with, or merge with or into, or convey, transfer or lease all or substantially all its assets to, any Person, unless:

(1) the resulting, surviving or transferee Person (the "**Successor Company**") will be a corporation, partnership, trust or limited liability company organized and existing under the laws of any member of the state of the European Union that is a member of the European Union on the Issue Date, Bermuda, the Cayman Islands, or the United States of America, any State of the United States or the District of Columbia and the Successor Company (if not the Issuer) will expressly assume, by supplemental indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Issuer under the Notes and the Indenture and expressly assumes all obligations of the Issuer under the Security Documents to which it is a party and the Intercreditor Agreements pursuant to agreements reasonably satisfactory to the Trustee;

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Company or any Subsidiary of the Successor Company as a result of such transaction as having been Incurred by the Successor Company or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) either (a) immediately after giving effect to such transaction, the Issuer or such Successor Company would be able to Incur at least an additional €1.00 of Pari Passu Indebtedness pursuant to clause (2) of the first paragraph of the covenant described under "— *Limitation on Indebtedness*" or (b) the Consolidated Net Leverage Ratio of the Issuer and the Restricted Subsidiaries or such Successor Company and the Restricted Subsidiaries would be no greater than that of the Issuer immediately prior to giving effect to such transaction; and

(4) the Issuer shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer complies with the Indenture; *provided* that in giving such opinion, such counsel may rely on an Officers' Certificate as to compliance with clauses (2) and (3) above and as to any matters of fact.

A Guarantor will not consolidate with, or merge with or into, or convey, transfer or lease all or substantially all its assets to, any Person, other than the Issuer or another Guarantor (other than in connection with a transaction that does not constitute an Asset Disposition or a transaction that is permitted under "— *Limitation on Sales of Assets and Subsidiary Stock*"), unless:

(1) immediately after giving effect to that transaction, no Default or Event of Default shall have occurred and be continuing; and

(2) either:

  (a) the Successor Company assumes all the obligations of that Guarantor under its Subsidiary Guarantee, the Indenture, the Intercreditor Agreements and the Security Documents to which such Guarantor is a party pursuant to agreements reasonably satisfactory to the Trustee; or

  (b) the Net Cash Proceeds of such sale or other disposition are applied in accordance with the applicable provisions of the Indenture.

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Issuer or a Guarantor, which

properties and assets, if held by the Issuer or such Guarantor, as applicable, instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer or such Guarantor, as applicable, on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer or such Guarantor, as applicable.

The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Issuer or the relevant Guarantor, as the case may be, under the Indenture, and upon such substitution, the predecessor to the Issuer or to such Guarantor, as the case may be, will be released from its obligations under the Indenture and the Notes, but, in the case of a lease of all or substantially all its assets, the predecessor to the Issuer or such Guarantor will not be released from the obligation to pay the principal of and interest on the Notes.

Although there is a limited body of case law interpreting the phrase "substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

The provisions set forth in this "*Merger and Consolidation*" covenant shall not restrict (and shall not apply to): (i) any Restricted Subsidiary that is not a Guarantor from consolidating with, merging or liquidating into or transferring all or substantially all of its properties and assets to the Issuer, a Guarantor or any other Restricted Subsidiary that is not a Guarantor; (ii) any Guarantor from merging or liquidating into or transferring all or part of its properties and assets to the Issuer or another Guarantor; (iii) any consolidation or merger of the Issuer into any Guarantor, *provided* that, for the purposes of this clause (iii), if the Issuer is not the surviving entity of such merger or consolidation, the relevant Guarantor will assume the obligations of the Issuer under the Notes, the Indenture, the Intercreditor Agreements, any Additional Intercreditor Agreement and the Security Documents and clauses (1) and (4) under the first paragraph of this covenant shall apply to such transaction; and (iv) the Issuer or any Guarantor consolidating into or merging or combining with an Affiliate incorporated or organized for the purpose of changing the legal domicile of such entity, reincorporating such entity in another jurisdiction, or changing the legal form of such entity, *provided* that, for the purposes of this clause (iv), clauses (1), (2) and (4) under the first paragraph of this covenant or clauses (1) or (2) under the second paragraph of this covenant, as the case may be, shall apply to any such transaction.

Impairment of Security Interests

The Issuer shall not, and shall not permit any Restricted Subsidiary to, take or omit to take any action that would have the result of materially impairing any security interest in the Collateral created under the Security Documents (it being understood, subject to the proviso below, that the Incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair any security interest in the Collateral created under the Security Documents) for the benefit of the Trustee and the holders, and the Issuer shall not, and shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Trustee, for the benefit of the Trustee and the holders and the other beneficiaries described in the Security Documents, any interest whatsoever in any of the Collateral, except that (1) the Issuer and the Restricted Subsidiaries may Incur Permitted Collateral Liens, (2) the Collateral may be discharged and released in accordance with the Indenture, the Existing Senior Notes Indenture, the Security Documents, the Intercreditor Agreements or any Additional Intercreditor Agreement and (3) the Issuer may consummate any other transaction permitted under "*— Merger and Consolidation*"; *provided*, *however*, that, except with respect to any discharge or release of Collateral in accordance with the Indenture, the Existing Senior Notes Indenture, the Security Documents, the Intercreditor Agreements or any Additional Intercreditor Agreement, in connection with the Unitymedia Management Merger or in connection with the Incurrence of Liens for the benefit of the Trustee and holders of Notes or otherwise as described in the second to last paragraph under "*Description of Other Indebtedness — Group Intercreditor Agreement — Release of Security and Guarantees*", no Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified or replaced, except that, at the direction of the Issuer and without the consent of the holders of the Notes, the Trustee and the Security Trustee may from time to time (subject to customary protections and indemnifications from the Issuer) enter into one or more amendments to the Security Documents to: (a) cure any ambiguity, omission, defect or inconsistency therein; (b) provide for Permitted Collateral Liens; (c) make any change necessary or desirable, in the good faith determination of the Issuer in order to implement transactions permitted under "*— Merger and Consolidation*"; (d) provide for the release of any security interest on any properties and assets constituting Collateral under the Security Documents, *provided* that such release is followed by the substantially concurrent re-taking of a Lien of at least equivalent priority over the same properties and assets securing the Notes or any Subsidiary Guarantee; and (e) make any other change that does not adversely affect the holders of the Notes in any material respect, *provided* that, contemporaneously with any such action in clauses (b), (d) and (e), the Issuer delivers to the

Trustee, (i) a solvency opinion, in form and substance reasonably satisfactory to the Trustee from an Independent Financial Advisor confirming the solvency of the Issuer and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, (ii) a certificate from the responsible financial or accounting officer of the relevant Grantor (acting in good faith) which confirms the solvency of the person granting such security interest after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement or (iii) an Opinion of Counsel, in form and substance reasonably satisfactory to the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, the Lien or Liens created under the Security Documents, as applicable, so amended, extended, renewed, restated, supplemented, modified or replaced, are valid Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or replacement. In the event that the Issuer complies with the requirements of this covenant, the Trustee shall (subject to customary protections and indemnifications from the Issuer) consent to such amendment, extension, renewal, restatement, supplement, modification or replacement without the need for instructions from the holders.

Intercreditor Agreements; Additional Intercreditor Agreements

The Trustee will become party to the Group Intercreditor Agreement and the Holdco Intercreditor Agreement by executing an accession and/or amendment thereto on or about the Issue Date. Each holder of a Note, by accepting such Note, will be deemed to have (i) authorized the Trustee to enter into the Intercreditor Agreements, (ii) agreed to be bound by all the terms and provisions of the Intercreditor Agreements applicable to such holder and (iii) irrevocably appointed each of the Trustee and the Security Trustee to act on its behalf and to perform the duties and exercise the rights, powers and discretions that are specifically given to them under Intercreditor Agreements.

The Indenture provides that, at the request of the Issuer, in connection with the Incurrence by the Issuer or any Guarantor of any Indebtedness that is permitted to share the Collateral pursuant to the definition of Permitted Collateral Lien, the Issuer, the relevant Guarantors and the Trustee shall enter into with the holders of such Indebtedness (or their duly authorized Representatives) an intercreditor agreement, including a restatement, amendment or other modification of either of the Intercreditor Agreements (an "**Additional Intercreditor Agreement**"), on substantially the same terms as the relevant Intercreditor Agreement (or terms not materially less favorable to the holders), including (if applicable) with respect to the subordination, payment blockage, limitation on enforcement and release of the Subsidiary Guarantees, priority and release of any security interest in respect of the Collateral or other terms which become customary for similar agreements; *provided* that only one stop notice (a "**Stop Notice**") with respect to the enforcement of the Subsidiary Guarantees and the Collateral (other than the Issuer Share Pledge) can be given by Designated Senior Indebtedness in any 365-day period or in respect of the same event or circumstances regardless of the number of Credit Facilities or other instruments constituting "Designated Senior Indebtedness" of a Guarantor or the number of intercreditor agreements; *provided* further that in no event may the total number of days for which a Stop Notice is in effect exceed 179 days in the aggregate during any consecutive 365-day period; *provided, further*, that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or adversely affect the personal rights, duties, liabilities or immunities of the Trustee under the Indenture or the relevant Intercreditor Agreement; *provided, further*, that only Designated Senior Indebtedness shall be entitled to instruct the Security Trustee to enforce the Collateral (other than the Issuer Share Pledge) or initiate a payment blockage. For the avoidance of doubt, subject to the foregoing and the succeeding paragraph, any such Additional Intercreditor Agreement may provide for *pari passu* or subordinated security interests in respect of any such Indebtedness (to the extent such Indebtedness is permitted to share the Collateral pursuant to the definition of Permitted Collateral Liens).

At the direction of the Issuer and without the consent of the holders of the Notes, the Trustee and the Security Trustee will upon direction of the Issuer from time to time enter into one or more amendments to the Intercreditor Agreements or any Additional Intercreditor Agreement to: (a) cure any ambiguity, omission, defect or inconsistency therein; (b) add Guarantors or other parties (such as representatives of new issuances of Indebtedness) thereto; (iii) further secure the Notes (including Additional Notes); (c) make provision for equal and ratable grants of Liens on the Collateral to secure Additional Notes or to implement any Permitted Collateral Liens; (d) make any other change to the Intercreditor Agreements or such Additional Intercreditor Agreement to provide for additional Indebtedness (including with respect to any Intercreditor Agreement or Additional Intercreditor Agreement, the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Notes) or other obligations that are permitted by the terms of the Indenture to be

Incurred and secured by a Lien on the Collateral on a senior, *pari passu* or junior basis with the Liens securing the Notes or the Subsidiary Guarantees, (e) add Restricted Subsidiaries to the Intercreditor Agreements or an Additional Intercreditor Agreement, (f) amend the Intercreditor Agreements or any Additional Intercreditor Agreement in accordance with the terms thereof or; (e) make any change necessary or desirable, in the good faith determination of the Board of Directors or senior management of the Issuer, in order to implement any transaction that is subject to the covenants described under the caption "— *Merger and Consolidation*"; (g) implement any transaction in connection with the renewal, extension, refinancing, replacement or increase of the Credit Facilities that is not prohibited by the Indenture; or (h) make any other change thereto that does not adversely affect the rights of the holders of the Notes in any material respect; *provided* that no such changes shall be permitted to the extent they affect the ranking of any Note or Subsidiary Guarantee, enforcement of Liens over the Collateral, the application of proceeds from the enforcement of Collateral or the release of any Subsidiary Guarantees or Collateral in a manner than would adversely affect the rights of the holders of the Notes in any material respect except as otherwise permitted by the Indenture, the Intercreditor Agreements or any Additional Intercreditor Agreement immediately prior to such change. The Issuer will not otherwise direct the Trustee or the Security Trustee to enter into any amendment to the Intercreditor Agreements or, if applicable, any Additional Intercreditor Agreement, without the consent of the holders of a majority in principal amount of the outstanding Notes outstanding, except as otherwise permitted below under "— *Amendments and Waivers*", and the Issuer may only direct the Trustee and the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, adversely affect their respective rights, duties, liabilities or immunities under the Indenture or the Intercreditor Agreements or any Additional Intercreditor Agreement.

Each holder of a Note, by accepting such Note, will be deemed to have:

(a) appointed and authorized the Trustee and the Security Trustee from time to time to give effect to such provisions;

(b) authorized each of the Trustee and the Security Trustee from time to time to become a party to any Additional Intercreditor Agreement;

(c) agreed to be bound by such provisions and the provisions of any Additional Intercreditor Agreement; and

(d) irrevocably appointed the Trustee and the Security Trustee to act on its behalf from time to time to enter into and comply with such provisions and the provisions of any Additional Intercreditor Agreement,

in each case, without the need for the consent of the holders.

The Indenture also provides that, in relation to the Intercreditor Agreements or an Additional Intercreditor Agreement, the Trustee shall consent on behalf of the holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; *provided*, *however*, that such transaction would comply with the covenant described under "— *Limitation on Restricted Payments*".

Suspension of Covenants on Achievement of Investment Grade Status

If, during any period after the Issue Date, the Notes have achieved and continue to maintain Investment Grade Status and no Event of Default has occurred and is continuing (such period hereinafter referred to as an "**Investment Grade Status Period**"), then the Issuer will notify the Trustee of this fact and beginning on such date, the covenants in the Indenture described under "— *Limitation on Indebtedness*", "— *Limitation on Restricted Payments*", "— *Limitation on Restrictions on Distributions from Restricted Subsidiaries"*, "— *Limitation on Sales of Assets and Subsidiary Stock*", "— *Limitation on Affiliate Transactions*", and under "— *Change of Control*", the provisions of clause (3) of the first paragraph of the covenant described under "— *Merger and Consolidation*" and any related default provisions of the Indenture will be suspended and will not, during such Investment Grade Status Period, be applicable to the Issuer and the Restricted Subsidiaries. As a result, during any such Investment Grade Status Period, the Notes will lose a significant amount of the covenant protection initially provided under the Indenture. No action taken during an Investment Grade Status Period or prior to an Investment Grade Status Period in compliance with the covenants then applicable will require reversal or constitute a default under the Notes in the event that suspended covenants are subsequently reinstated or suspended, as the case may be. An Investment Grade Status Period will terminate immediately upon the failure of the Notes to maintain Investment Grade Status (the "**Reinstatement Date**"). The Issuer will promptly

notify the Trustee in writing of any failure of the Notes to maintain Investment Grade Status and the Reinstatement Date.

Events of Default

Each of the following is an "**Event of Default**" under the Indenture:

(1) default in any payment of interest or Additional Amounts on any Note when due, which has continued for 30 days;

(2) default in the payment of principal of or premium, if any, on any Note when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon mandatory redemption as set forth above under "— *General — Escrow Proceeds; Special Mandatory Redemption*" or otherwise;

(3) failure by the Issuer or any Guarantor to comply for 60 days after notice specified in the Indenture with its other agreements contained in the Notes or the Indenture; *provided*, *however*, that the Issuer shall have 90 days after receipt of such notice to remedy, or receive a waiver for, any failure to comply with the obligations to file annual, quarterly and current reports in accordance with the covenant described under "— *Certain Covenants — Reports*" so long as the Issuer is attempting to cure such failure as promptly as reasonably practicable;

(4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any of the Restricted Subsidiaries (or the payment of which is guaranteed by the Issuer or any of the Restricted Subsidiaries), other than Indebtedness owed to the Issuer or a Restricted Subsidiary, whether such Indebtedness or guarantee now exists, or is created after the Issue Date, which default:

(a) is caused by a failure to pay principal of such Indebtedness at its Stated Maturity after giving effect to any applicable grace period provided in such Indebtedness ("**payment default**"); or

(b) results in the acceleration of such Indebtedness prior to its maturity (the "**cross acceleration provision**");

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates €75.0 million or more;

(5) certain events of bankruptcy, insolvency or reorganization of the Issuer, a Guarantor or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements delivered to the holders of the Notes pursuant to the covenant described under "— *Certain Covenants — Reports*"), would constitute a Significant Subsidiary (the "**bankruptcy provisions**") have been commenced or have occurred;

(6) failure by the Issuer, a Guarantor or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements delivered to the holders of the Notes pursuant to the covenant described under "— *Certain Covenants — Reports*"), would constitute a Significant Subsidiary, to pay final judgments aggregating in excess of €75.0 million (net of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days (the "**judgment default provision**");

(7) any Subsidiary Guarantee of a Significant Subsidiary ceases to be in full force and effect (except in accordance with the terms of the Indenture) or is declared invalid or unenforceable in a judicial proceeding and such Default continues for 30 days after the notice specified in the Indenture; or

(8) any security interest in the Collateral created under the Security Documents having a fair market value of in excess of €100.0 million (a) at any time, ceases to be in full force and effect in any material respect for any reason other than as a result of its release in accordance with the Indenture and the Security Documents or (b) is declared invalid or unenforceable in a judicial proceeding, and, in each case, such Default continues for 60 days after the notice specified in the Indenture.

(9) other than as provided under clause (2) above, failure by the Issuer to comply with any term of the Escrow Agreement that is not cured within 10 days to the extent such non-compliance would reasonably be expected to materially and adversely impact the holders of the Notes; or

(10) the Escrow Agreement is held in any judicial proceeding to be unenforceable or invalid, in whole or in part, or ceases for any reason (other than pursuant to a release that is delivered or becomes effective as set forth in the Indenture) to be fully enforceable.

However, a default under clauses (3), (7), (8) or (9) of the immediately preceding paragraph will not constitute an Event of Default until the Trustee or the holders of 25% in principal amount of the outstanding Notes notify the Issuer of the default and the Issuer does not cure such default within the time specified in clauses (3), (7), (8) or (9) of the immediately preceding paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (5) above) occurs and is continuing, the Trustee by notice to the Issuer, or the holders of at least 25% in principal amount of the outstanding Notes by notice to the Issuer and the Trustee, may, and the Trustee at the request of such holders shall, declare the principal of, premium, if any, and accrued and unpaid interest, if any, and Additional Amounts, if any, on all the Notes to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest and Additional Amounts, if any, will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (4) under "— *Events of Default*" has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (4) shall be remedied or cured by the Issuer or a Restricted Subsidiary or waived by the holders of the relevant Indebtedness within 20 days after the declaration of acceleration with respect thereto and if (a) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (b) all existing Events of Default, except non-payment of principal, premium or interest and Additional Amounts, if any, on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived. If an Event of Default described in clause (5) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest and Additional Amounts, if any, on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holders. The holders of a majority in principal amount of the outstanding Notes may waive all past defaults (except with respect to non-payment of principal, premium, interest or Additional Amounts) and rescind any such acceleration with respect to the Notes and its consequences if (a) rescission would not conflict with any judgment or decree of a court of competent jurisdiction, (b) all existing Events of Default, other than the non-payment of the principal of, premium, if any, interest and Additional Amounts, if any, on the Notes that have become due solely by such declaration of acceleration, have been cured or waived, and (c) the Issuer has paid the Trustee its reasonable compensation and reimbursed the Trustee for its reasonable expenses, disbursements and advances.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the holders unless such holders have offered to the Trustee indemnity or security satisfactory to the Trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium, if any, interest or Additional Amounts, if any, when due, no holder of Notes may pursue any remedy with respect to the Indenture or the Notes *unless*:

(1) such holder of Notes has previously given the Trustee written notice that an Event of Default is continuing;

(2) holders of at least 50% in principal amount of the outstanding Notes have requested the Trustee to pursue the remedy;

(3) such holders of Notes have offered the Trustee security or indemnity satisfactory to the Trustee against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity; and

(5) the holders of a majority in principal amount of the outstanding Notes have not given the Trustee a direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the holders of a majority in principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Indenture provides that in the event an Event of Default has occurred and is continuing, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use under the circumstances in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the

Trustee determines is unduly prejudicial to the rights of any other holder of Notes or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to security or indemnification satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action.

The Indenture provides that if a Default occurs and is continuing and is actually known to the Trustee, the Trustee must give notice of the Default within 90 days after it occurs. Except in the case of a Default in the payment of principal of, premium, if any, interest or Additional Amounts, if any, on any Note, the Trustee may withhold notice if and so long as a committee of trust officers of the Trustee in good faith determines that withholding notice is in the interests of the holders. In addition, the Issuer is required to deliver to the Trustee, within 120 days after the end of each fiscal year, a certificate indicating whether the signers thereof know of any Default that occurred during the previous year. The Issuer also is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute certain Defaults, their status and what action the Issuer is taking or proposing to take in respect thereof.

Amendments and Waivers

Subject to certain exceptions, the Indenture, the Notes, the Escrow Agreement, the Intercreditor Agreements, any Additional Intercreditor Agreement and the Security Documents may be amended or supplemented with the consent of the holders of a majority in principal amount of the Notes then outstanding (including without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes) and, subject to certain exceptions, any past default or compliance with any provisions of the Indenture, the Notes, the Intercreditor Agreements, any Additional Intercreditor Agreement and the Security Documents may be waived with the consent of the holders of a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes). However, unless consented to by the holders of at least 90% of the aggregate principal amount of then outstanding Notes, an amendment may not:

(1) reduce the principal amount of Notes whose holders must consent to an amendment or waiver;

(2) reduce the stated rate of or extend the stated time for payment of interest or Additional Amounts on any Note;

(3) reduce the principal of or extend the Stated Maturity of any Note;

(4) whether through an amendment or waiver of provisions in the covenants, definitions or otherwise (i) reduce the premium payable upon the redemption of any Note or change the time at which any Note may be redeemed as described above under "— *Optional Redemption*" (other than the notice provisions); (ii) reduce the premium payable upon repurchase of any Note or change the time at which any Note is to be repurchased as described under "— *Certain Covenants — Change of Control*" or "— *Certain Covenants — Limitation on Sales of Assets and Subsidiary Stock*" at any time after the obligation to repurchase has arisen; or (iii) waive or modify any provision of the Escrow Agreement or the Indenture requiring the Issuer to redeem the Notes in a Special Mandatory Redemption upon the occurrence of an Escrow Termination Date (other than, for the avoidance of doubt, the conditions to the Escrow Release, the other provisions relating to the release of the Escrowed Property and all other provisions of the Escrow Agreement (and of the Indenture relating to the arrangements contemplated by the Escrow Agreement);

(5) make any Note payable in money other than that stated in the Note (except to the extent the currency stated in the Notes has been succeeded or replaced pursuant to applicable law);

(6) impair the right of any holder to receive payment of, premium, if any, principal of or interest or Additional Amounts, if any, on such holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such holder's Notes; or

(7) make any change in the amendment or waiver provisions described in this sentence.

In addition, without the consent of at least 75% in aggregate principal amount of Notes then outstanding no amendment or supplement may:

(1) release or modify any Guarantor from any of its obligations under its Subsidiary Guarantee except in accordance with the terms of the Indenture and the Intercreditor Agreements; or

(2) modify any Security Document or the provisions in the Indenture dealing with Security Documents or application of trust moneys in any manner, taken as a whole, materially adverse to the holders or

otherwise release all or substantially all of the Collateral other than pursuant to the terms of the Security Documents, the Intercreditor Agreements, any applicable Additional Intercreditor Agreement or as otherwise permitted by the Indenture.

Notwithstanding the foregoing, without the consent of any holder, the Issuer and the Trustee may amend the Indenture, the Notes, the Escrow Agreement, the Intercreditor Agreements, any Additional Intercreditor Agreement and the Security Documents to:

(1) cure any ambiguity, omission, defect or inconsistency;

(2) provide for the assumption by a Successor Company of the obligations of the Issuer under the Indenture, the Notes, the Intercreditor Agreements, any Additional Intercreditor Agreement and the Security Documents;

(3) provide for uncertificated Notes in addition to or in place of certificated Notes (*provided*, that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the U.S. Internal Revenue Code of 1986 (as amended));

(4) add guarantees with respect to the Notes;

(5) secure the Notes;

(6) add to the covenants of the Issuer for the benefit of the holders or surrender any right or power conferred upon the Issuer;

(7) make any change that does not adversely affect the rights of any holder in any material respect;

(8) release any security interest in the Collateral created under the Security Documents provided by the terms of the Indenture;

(9) issue Additional Notes in accordance with the terms of the Indenture;

(10) give effect to Permitted Collateral Liens;

(11) evidence and provide for the acceptance and appointment under the Indenture of a successor Trustee pursuant to the requirements thereof;

(12) to the extent necessary to grant a security interest for the benefit of any Person; *provided* that the granting of such security interest is permitted by the Indenture and the Security Documents;

(13) make any amendment to the provisions of the Indenture relating to the transfer and legending of Notes as permitted by the Indenture, including, without limitation to facilitate the issuance and administration of the Notes; *provided, however*, that (a) compliance with the Indenture as so amended would not result in Notes being transferred in violation of the Securities Act or any applicable securities law and (b) such amendment does not materially and adversely affect the rights of holders to transfer Notes; or

(14) to conform the text of the Indenture, the Notes, the Intercreditor Agreements and the Security Documents, to any provision of this "Description of the Notes" to the extent that such provision in this "Description of the Notes" was intended to be a verbatim recitation of the Indenture, the Notes, the Intercreditor Agreements or the Security Documents.

In formulating its opinion on such matters, the Trustee shall be entitled to require and rely on such evidence as it deems appropriate, including an Opinion of Counsel and an Officer's Certificate.

The consent of the holders is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any holder of Notes given in connection with a tender of such holder's Notes will not be rendered invalid by such tender. For so long as the Notes are listed on the Luxembourg Stock Exchange and the guidelines of such Stock Exchange so require, the Issuer will notify the Luxembourg Stock Exchange of any such amendment, supplement and waiver.

Defeasance

The Issuer at any time may terminate all of its obligations under the Notes and the Indenture ("**legal defeasance**"), except for certain obligations, including those respecting the defeasance trust and obligations to register the transfer or exchange of the Notes, to replace mutilated, destroyed, lost or stolen Notes and to maintain a registrar and paying agent in respect of the Notes.

The Issuer at any time may terminate its obligations under the covenants described under "*Certain Covenants*" (other than clauses (1) and (2) under the first paragraph of "*— Certain Covenants — Merger and Consolidation*") and the default provisions relating to such covenants under "*— Events of Default*" above, the operation of the cross-default upon a payment default, the cross acceleration provisions, the bankruptcy provisions with respect to Significant Subsidiaries, the judgment default provision described under "*— Events of Default*" above and the limitations contained in clauses (3) and (4) under the first paragraph of "*— Certain Covenants — Merger and Consolidation*" above ("**covenant defeasance**").

The Issuer may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to the Notes. If the Issuer exercises its covenant defeasance option, payment of the Notes may not be accelerated because of an Event of Default specified in clauses (4), (5), (6), (7) (with respect only to Significant Subsidiaries), (8) or (9) under "*— Events of Default*" above or because of the failure of the Issuer to comply with clauses (3) or (4) under the first paragraph of "*— Certain Covenants — Merger and Consolidation*" above.

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "**defeasance trust**") with the Trustee (or an agent nominated by the Trustee for such purpose) euro, euro-denominated European Government Obligations or a combination thereof for the payment of principal, premium, if any, interest and Additional Amounts, if any, on the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including, among other things, delivery to the Trustee of an Opinion of Counsel (subject to customary exceptions and exclusions) to the effect that holders of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred. In the case of legal defeasance only, such Opinion of Counsel must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law.

Satisfaction and Discharge

The Indenture, the Security Documents and the rights, duties and obligations of the Trustee and the holders under the Intercreditor Agreements or any Additional Intercreditor Agreement will be discharged and will cease to be of further effect as to all Notes issued thereunder:

(1) either:

  (a) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer, have been delivered to a Paying Agent or Registrar for cancellation; or

  (b) (i) all Notes that have not been delivered to a Paying Agent or Registrar for cancellation (x) have become due and payable by reason of the mailing or delivery of a notice of redemption or otherwise or (y) will become due and payable within one year and (ii) the Issuer or a Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the holders, cash, Cash Equivalents, European Government Obligations, or a combination thereof, in each case, denominated in euros, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to a Paying Agent or Registrar for cancellation for principal, premium and Additional Amounts (if any) and accrued interest to the date of maturity or redemption;

(2) the Issuer or the Guarantor(s) have paid or caused to be paid all other amounts payable by it under the Indenture; and

(3) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, the Issuer must deliver to the Trustee an Officer's Certificate and an opinion of counsel, in each case, stating that all conditions precedent to satisfaction and discharge have been satisfied.

Currency Indemnity

The sole currency of account and payment for all sums payable by the Issuer under the Indenture with respect to the Notes is euro. Any amount received or recovered in a currency other than euros, in respect of the Notes (whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer, any Subsidiary or otherwise) by the holder in respect of any sum expressed to be due to it from the Issuer will constitute a discharge of the Issuer only to the extent of the euro amount, which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not possible to make that purchase on that date, on the first date on which it is possible to do so). If that euro amount, is less than the euro amount expressed to be due to the recipient under any Note, the Issuer will indemnify the recipient against any loss sustained by it as a result. In any event the Issuer will indemnify the recipient against the cost of making any such purchase.

For the purposes of this indemnity, it will be sufficient for the holder to certify that it would have suffered a loss had an actual purchase of euro been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of euro on such date had not been practicable, on the first date on which it would have been practicable). These indemnities constitute a separate and independent obligation from the other obligations of the Issuer, will give rise to a separate and independent cause of action, apply irrespective of any waiver granted by any holder and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any other judgment or order.

Listing

The Issuer has applied to list the Notes on the Official List of the Luxembourg Stock Exchange and will use all reasonable efforts to have the Notes admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange within a reasonable period after the Issue Date and will maintain such listing as long as the Notes are outstanding; *provided, however*, that if the Issuer can no longer maintain such listing or it becomes unduly burdensome to make or maintain such listing (for the avoidance of doubt, preparation of financial statements in accordance with GAAP (except pursuant to the definition of IFRS) or any accounting standard other than IFRS and any other standard pursuant to which the Issuer then prepares its financial statements shall be deemed unduly burdensome), the Issuer may cease to make or maintain such listing on the Luxembourg Stock Exchange provided that the Issuer will use its reasonable best efforts to obtain and maintain the listing of the Notes on another recognized listing exchange for high yield issuers (which may be a stock exchange that is not regulated by the European Union).

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator, member or stockholder of the Issuer any of its parent companies or any of its Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Issuer under the Notes or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver and release may not be effective to waive liabilities under the United States federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Consent to Jurisdiction and Service of Process

The Indenture provides that the Issuer and each Guarantor will irrevocably appoint Law Debenture Corporate Services Inc. as its agent for service of process in any suit, action or proceeding with respect to the Indenture and the Notes, as the case may be, brought in any federal or state court located in the Borough of Manhattan in the City of New York and that each of the parties submit to the jurisdiction thereof. If for any reason Law Debenture Corporate Services Inc. is unable to serve in such capacity, the Issuer and such Guarantor shall appoint another agent reasonably satisfactory to the Trustee.

Concerning the Trustee and certain agents

The Bank of New York Mellon, London Branch will be the Trustee. The Bank of New York Mellon, London Branch is initially the Principal Paying Agent and transfer agent with respect to the Notes. The Bank of New York Mellon (Luxembourg) S.A. will be Registrar, transfer agent and listing agent with respect to the Notes.

Governing Law

The Indenture provides that it and the Notes are governed by, and construed in accordance with, the laws of the State of New York.

Notices

So long as any Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, any such notice to the holders of the relevant Notes shall also be published in a newspaper having a general circulation in Luxembourg or, to the extent and in the manner permitted by such rules, posted on the official website of the Luxembourg Stock Exchange and, in connection with any redemption, the Issuer will notify the Luxembourg Stock Exchange of any change in the principal amount of Notes outstanding. In addition, for so long as any Notes are represented by Global Notes, all notices to holders of the Notes will delivered by or on behalf of the Issuer to Euroclear and Clearstream. Additionally, in the event the Notes are in the form of Definitive Registered Notes, notices will be sent, by first class mail, with a copy to the Trustee, to each holder of the Notes at such holder's address as it appears on the registration books of the Registrar. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve. If and so long as such Notes are listed on any other securities exchange, notices will also be given in accordance with any applicable requirements of such securities exchange. Notices given by publication will be deemed given on the first date on which publication is made and notices given by first class mail, postage prepaid, will be deemed given five calendar days after mailing.

Prescription

Claims against the Issuer for the payment of principal or Additional Amounts, if any, on the Notes are prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer for the payment of interest on the Notes are prescribed five years after the applicable due date for payment of interest.

Certain Definitions

"2014 UM Senior Notes" means the Issuer's $900 million aggregate principal amount of 6 ⅛% Senior Notes due 2025.

"Acquired Indebtedness" means Indebtedness (i) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary or (ii) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with, or in anticipation or contemplation of, such Person becoming a Restricted Subsidiary or such acquisition. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (i) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (ii) of the preceding sentence, on the date of consummation of such acquisition of assets.

"Additional Assets" means:

(1) any property or assets (other than Indebtedness and Capital Stock) to be used by the Issuer or a Restricted Subsidiary in a Related Business or are otherwise useful in a Related Business (it being understood that capital expenditure on property or assets already used in a Related Business or to replace any property or assets that are the subject of such Asset Disposition or any operating expenses Incurred in the day-to-day operations of a Related Business shall be deemed an Investment in Additional Assets);

(2) the Capital Stock of a Person that is engaged in a Related Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Issuer or a Restricted Subsidiary; or

(3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary.

"Affiliate" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such

Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Applicable Premium" means, with respect to a Note at any redemption date prior to January 15, 2021, the excess of (1) the present value at such redemption date of (a) the redemption price of such Note on January 15, 2021, (such redemption price being described under "*— Optional Redemption — Optional Redemption on or after January 15, 2021*" exclusive of any accrued and unpaid interest) plus (b) all required remaining scheduled interest payments due on such Note through January 15, 2021 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Bund Rate plus 50 basis points over (2) the principal amount of such Note on such redemption date.

"Asset Disposition" means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than an operating lease entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a "disposition") by the Issuer or any of the Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction.

Notwithstanding the preceding, the following items shall not be deemed to be Asset Dispositions:

(1) a disposition by a Restricted Subsidiary to the Issuer or by the Issuer or a Restricted Subsidiary (other than a Receivables Entity) to a Restricted Subsidiary;

(2) the sale or disposition of cash, Cash Equivalents or Investment Grade Securities in the ordinary course of business;

(3) a disposition of inventory, consumer equipment, trading stock, communications capacity or other assets in the ordinary course of business;

(4) a sale, lease, transfer or other disposition, or a series of related sales, leases, transfers, issuances or dispositions that are part of a common plan, of obsolete, surplus or worn out equipment or other equipment and assets that are no longer useful in the conduct of the business of the Issuer and the Restricted Subsidiaries;

(5) transactions permitted under "*— Certain Covenants — Merger and Consolidation*" or a transaction that constitutes a Change of Control;

(6) an issuance of Capital Stock by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary;

(7) (a) for purposes of "*— Certain Covenants — Limitation on Sales of Assets and Subsidiary Stock*" only, the making of a Permitted Investment or a disposition subject to "*Certain Covenants — Limitation on Restricted Payments*" and (b) solely for the purpose of clause (3) of the first paragraph under "*— Certain Covenants — Limitation on Sales of Assets and Subsidiary Stock*", a disposition, the proceeds of which are used to make Restricted Payments permitted to be made under the covenant described under "*Certain Covenants — Limitation on Restricted Payments*" or Permitted Investments;

(8) dispositions of assets in a single transaction or series of related transactions with an aggregate fair market value in any calendar year of less than the greater of €10.0 million and 1.0% of Total Assets (with unused amounts in any calendar year being carried over to the next succeeding year subject to a maximum of the greater of €10.0 million and 1.0% of Total Assets of carried over amounts for any calendar year);

(9) dispositions in connection with Permitted Liens;

(10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(11) the licensing or sublicensing of intellectual property or other general intangibles and licenses, sublicenses, leases or subleases of other property;

(12) foreclosure, condemnation or similar action with respect to any property or other assets;

(13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;

(14) sales of accounts receivable and related assets or an interest therein of the type specified in the definition of "Qualified Receivables Transaction" to a Receivables Entity;

(15) any disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(16) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Issuer or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(17) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(18) (a) disposals of assets, rights or revenue not constituting part of the Distribution Business of the Issuer and the Restricted Subsidiaries, and (b) other disposals of non-core assets acquired in connection with any acquisition permitted under the Indenture;

(19) disposals of assets or Capital Stock which the Issuer or any Restricted Subsidiary is required by a regulatory authority or court of competent jurisdiction to dispose of;

(20) disposals of other interests in other entities in an amount not to exceed €10.0 million;

(21) any disposition of real property, *provided* that the fair market value of the real property disposed of in any calendar year does not exceed the greater of €50.0 million and 1.0% of Total Assets;

(22) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Issuer or any Restricted Subsidiary to such Person; and

(23) any other disposal of assets comprising in aggregate percentage value of 10% or less of Total Assets.

In the event that a transaction (or any portion thereof) meets the criteria of a disposition permitted under clauses (1) through (23) above and would also be a Restricted Payment permitted to be made under the covenant described under "— *Certain Covenants — Limitation on Restricted Payments*" or a Permitted Investment, the Issuer, in its sole discretion, will be entitled to divide and classify such transaction (or a portion thereof) as a disposition permitted under clauses (1) through (23) above and/or one or more of the types of Restricted Payments permitted to be made under the covenant described under "— *Certain Covenants — Limitation on Restricted Payments*" or Permitted Investments.

"Board of Directors" means, as to any Person, the board of directors of such Person or any duly authorized committee thereof; *provided*, any action required to be taken under the Indenture by the Board of Directors of the Issuer can, in the alternative, at the option of the Issuer, be taken by the Board of Directors of the Ultimate Parent.

"Bund Rate" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity as of such date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such redemption date, where:

(1) "Comparable German Bund Issue" means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to January 15, 2021 and that would be utilized at the time of selection and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to January 15, 2021; *provided, however*, that, if the period from such redemption date to January 15, 2021 is not equal to the fixed maturity of the German Bundesanleihe security selected by such Reference German Bund Dealer, the Bund Rate shall be determined by linear interpolation (calculated to the nearest one-twelfth of a year) from the yields of German Bundesanleihe securities for which such yields are given, except that if the period

from such redemption date to January 15, 2021, is less than one year, a fixed maturity of one year shall be used;

(2) "Comparable German Bund Price" means, with respect to any redemption date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Issuer obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;

(3) "Reference German Bund Dealer" means any dealer of German Bundesanleihe securities appointed by the Issuer in good faith; and

(4) "Reference German Bund Dealer Quotations" means, with respect to each Reference German Bund Dealer and any redemption date, the average as determined by the Issuer in good faith of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Issuer by such Reference German Bund Dealer at 3.30 p.m. Frankfurt am Main, Germany, time on a day no earlier than the third Business Day preceding the date of the delivery of the redemption notice in respect of such redemption date.

"Business Day" means each day that is not a Saturday, Sunday or other day on which banking institutions in Frankfurt am Main, Germany, New York, New York, or London, England are authorized or required by law to close.

"Capital Stock" of any Person means any and all shares, interests, rights to purchase, warrants, options, participation or other equivalents of interests in (however designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"Capitalized Lease Obligation" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes in accordance with IFRS. The amount of Indebtedness represented by such obligation will be the capitalized amount of such obligation at the time any determination thereof is to be made as determined in accordance with IFRS, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"Cash Equivalents" means:

(1) securities issued or directly and fully guaranteed or insured by the United States Government or a member state of the European Union as of January 1, 2004 (each a "Qualified Country") or any agency or instrumentality thereof (*provided* that the full faith and credit of such Qualified Country is pledged in support thereof), having maturities of not more than one year from the date of acquisition;

(2) marketable general obligations issued by any political subdivision of any Qualified Country or any public instrumentality thereof maturing within one year from the date of acquisition of the United States (*provided* that the full faith and credit of the Qualified Country is pledged in support thereof) and, at the time of acquisition, having a credit rating of "A2" or better from either Standard & Poor's Ratings Services or Moody's Investors Service, Inc.;

(3) certificates of deposit, time deposits, eurodollar time deposits, bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof issued by any lender party to any Credit Facility or by any bank or trust company (x) the long-term debt of which is rated at the time of acquisition thereof at least "A-" or the equivalent thereof by Standard & Poor's Ratings Services, or "A-" or the equivalent thereof by Moody's Investors Service, Inc. (or if at the time neither is issuing comparable ratings, then a comparable rating of another nationally recognized rating agency);

(4) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (1), (2) and (3) entered into with any bank meeting the qualifications specified in clause (3) above;

(5) commercial paper rated at the time of acquisition thereof at least "A-2" or the equivalent thereof by Standard & Poor's Ratings Services or "P-2" or the equivalent thereof by Moody's Investors Service, Inc., or carrying an equivalent rating by an internationally recognized rating agency, if both of the two named rating agencies cease publishing ratings of investments, and in any case maturing within one year after the date of acquisition thereof; and

(6) interests in any investment company or money market fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (5) above.

"Change of Control" means:

(1) UPC Germany Holding B.V. (a) ceases to be the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Issuer and (b) ceases, by virtue of any powers conferred by the articles of association or other documents regulating the Issuer to, directly or indirectly, direct or cause the direction of management and policies of the Issuer;

(2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Issuer and the Restricted Subsidiaries taken as a whole to any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) other than a Permitted Holder;

(3) the adoption by the stockholders of the Issuer of a plan or proposal for the liquidation or dissolution of the Issuer, other than a transaction complying with the covenant described under "— *Certain Covenants — Merger and Consolidation*"; or

(4) either (a) the consummation of any transaction (including, without limitation, any merger, consolidation, scheme of arrangement or amalgamation), the result of which is that Liberty Global Europe Financing B.V., UPC Holding and/or any of their respective Subsidiaries becomes the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of the Issuer, (b) the direct or indirect sale, lease, transfer, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of the properties or assets of the Issuer and its Subsidiaries taken as a whole to Liberty Global Europe Financing B.V., UPC Holding and/or any of their Subsidiaries or (c) the Issuer ceases to own, directly or indirectly, all of the Capital Stock of Unitymedia Hessen,

provided that a Change of Control shall not be deemed to have occurred pursuant to clause (1) of this definition upon the consummation of the Post-Closing Reorganizations. Notwithstanding the foregoing, upon consummation of the Post-Closing Reorganizations, "UPC Germany Holding B.V." in clause (1) will be replaced with New Holdco.

"Commodity Agreement" means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

"Common Stock" means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or nonvoting) of such Person's common stock whether or not outstanding on the Issue Date, and includes, without limitation, all series and classes of such common stock.

"Consolidated EBITDA" means, for any period without duplication, the Consolidated Net Income for such period, plus the following to the extent deducted in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense;

(2) Consolidated Income Taxes;

(3) consolidated depreciation expense;

(4) consolidated amortization expense;

(5) any reasonable expenses, charges or other costs related to any Equity Offering, Permitted Investment, acquisition, disposition, recapitalization or the Incurrence of any Indebtedness permitted by the Indenture, in each case, as determined in good faith by an Officer of the Issuer;

(6) the amount of Management Fees and other fees and related expenses paid in such period to the Permitted Holders to the extent permitted by the covenant described under "— *Certain Covenants — Limitation on Affiliate Transactions*";

(7) at the Issuer's option, other non-cash charges reducing Consolidated Net Income (*provided* that if any such non-cash charge represents an accrual of or reserve for potential cash charges in any future period, the cash payment in respect thereof in such future period shall reduce Consolidated Net Income to such extent, and excluding amortization of a prepaid cash item that was paid in a prior period) less other non-cash items of income increasing Consolidated Net Income (excluding any

such non-cash item of income to the extent it represents (a) a receipt of cash payments in any future period, (b) the reversal of an accrual or reserve for a potential cash item that reduced Consolidated Net Income in any prior period and (c) any non-cash gains with respect to cash actually received in a prior period so long as such cash did not increase Consolidated Net Income in such prior period);

(8) the amount of loss on sale of assets in connection with a Qualified Receivables Transaction;

(9) Specified Legal Expenses;

(10) any net earnings or losses attributable to non-controlling interests;

(11) share of income or loss on equity Investments;

(12) any realized and unrealized gains or losses due to changes in fair value of equity Investments;

(13) at the Issuer's option, an amount equal to 100% of the up-front installation fees associated with commercial contract installations completed during the applicable reporting period, less any portion of such fees included in Consolidated Net Income for such period, *provided* that the amount of such fees, to the extent amortized over the life of the underlying service contract, shall not be included in Consolidated Net Income in any future period; and

(14) at the Issuer's option, any fees or other amounts charged or credited to the Issuer and the Restricted Subsidiaries related to Intra-Group Services may be excluded from the calculation of Consolidated EBITDA to the extent such fees or other amounts (a) are not included in the Issuer's externally reported operating cash flow or equivalent measure (as defined by the Issuer in its earnings releases and other publicly disseminated information) or (b) are deemed to be exceptional or unusual items.

"Consolidated Income Taxes" means taxes based on income, profits or capital of any of the Issuer and the Restricted Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any governmental authority taken into account in calculating Consolidated Net Income.

"Consolidated Interest Expense" means, for any period the consolidated net interest income/expense of the Issuer and the Restricted Subsidiaries (in each case, determined on the basis of IFRS), whether paid or accrued, including any such interest and charges consisting of:

(1) interest expense attributable to Capitalized Lease Obligations;

(2) amortization of debt discount and debt issuance cost;

(3) non-cash interest expense;

(4) commissions, discounts and other fees and charges owed with respect to financings not included in clause (2) above;

(5) costs associated with Hedging Obligations;

(6) dividends on other distributions in respect of all Disqualified Stock of the Issuer and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Issuer or a Subsidiary of the Issuer;

(7) the consolidated interest expense that was capitalized during such period; and

(8) interest actually paid by the Issuer or any Restricted Subsidiary, under any Guarantee of Indebtedness or other obligation of any other Person.

"Consolidated Net Income" means, for any period, net income (loss) of the Issuer and the Restricted Subsidiaries determined on a consolidated basis on the basis of IFRS; *provided, however*, that there will not be included in such Consolidated Net Income:

(1) subject to the limitations contained in clause (3) below, any net income (loss) of any Person (other than the Issuer) if such Person is not a Restricted Subsidiary, except that (a) the Issuer's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed by such Person during such period to the Issuer or a Restricted Subsidiary as a dividend or other distribution or return on investment (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below); and (b) the Issuer's equity in a net loss of any such Person (other than an Unrestricted Subsidiary) for such period will be included in determining such Consolidated Net Income, to the extent such loss has been funded with cash from the Issuer or a Restricted Subsidiary;

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (4)(c)(i) of the first paragraph of the covenant described under the caption "— *Limitation on Restricted Payments*", any net income (loss) of any Restricted Subsidiary if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Issuer by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes or the Indenture, (c) restrictions in effect on the Issue Date with respect to a Restricted Subsidiary (including pursuant to the Super Senior Revolving Credit Facility, the Senior Revolving Credit Facility, the Notes, the Existing Senior Notes, the Existing Senior Secured Notes or the Group Intercreditor Agreement) and other restrictions with respect to any Restricted Subsidiary that, taken as a whole, are not materially less favorable to the holders than restrictions in effect on the Issue Date, (d) restrictions pursuant to the Holdco Intercreditor Agreement and (e) restrictions as in effect on the Issue Date specified in clause (8), or restrictions specified in clause (10), of the second paragraph of the covenant described under "— *Certain Covenants — Limitation on Restrictions on Distributions from Restricted Subsidiaries*"), except that the Issuer's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Issuer or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);

(3) any net gain (or loss) realized upon the sale, held for sale or other disposition of any asset or disposed operations of the Issuer or any Restricted Subsidiary which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Board of Directors or senior management of the Issuer);

(4) any extraordinary, one-off, non-recurring, exceptional or unusual gain, loss, expense or charge, including any charges or reserves in respect of any restructuring, redundancy, relocation, refinancing, integration or severance or other post-employment arrangements, signing, retention or completion bonuses, transaction costs, acquisition costs, disposition costs, business optimization, information technology implementation or development costs, costs related to governmental investigations and curtailments or modifications to pension or postretirement benefits schemes, litigation or any asset impairment charges or the financial impacts of natural disasters (including fire, flood and storm and related events);

(5) the cumulative effect of a change in accounting principles and changes as a result of the adoption or modification of accounting policies;

(6) any stock based compensation expense;

(7) all deferred financing costs written off and premiums paid in connection with any early extinguishment of Indebtedness and any net gain (loss), including financing costs that are expensed as incurred, from any extinguishment, modification, exchange or forgiveness of Indebtedness;

(8) any unrealized gains or losses in respect of Hedging Obligations;

(9) any goodwill, other intangible or tangible asset impairment charge or write-off;

(10) the impact of capitalized interest on Subordinated Shareholder Loans;

(11) any derivative instruments gains or losses, foreign exchange gains or losses, and gains or losses associated with fair value adjustment on financial instruments;

(12) at the Issuer's option, effects of adjustments (including the effects of such adjustments pushed down to such Person and the Restricted Subsidiaries) pursuant to IFRS (including inventory, property, equipment, software, goodwill, intangible assets, in process research and development, deferred revenue and debt line items) attributable to the application of recapitalization accounting or purchase accounting, as the case may be, in relation to any consummated acquisition or joint venture investment or the amortization or write off or write down of amounts thereof, net of taxes;

(13) accruals and reserves that are established or adjusted within twelve months after the closing date of any acquisition that are so required to be established or adjusted as a result of such acquisition that are so required to be established as a result of such acquisition in accordance with IFRS; and

(14) any expenses, charges or losses to the extent covered by insurance or indemnity and actually reimbursed, or, so long as the Issuer or a Restricted Subsidiary has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer or indemnifying party and only to the extent that such amount is in fact reimbursed within 365 days of the date of the insurable or indemnifiable event (net of any amount so added back in any prior period to the extent not so reimbursed within the applicable 365 day period).

In addition, to the extent not already included in the Consolidated Net Income of such Person and the Restricted Subsidiaries, notwithstanding anything to the contrary in the foregoing, Consolidated Net Income shall include the amount of proceeds received from business interruption insurance and reimbursements of any expenses and charges that are covered by indemnification or other reimbursement provisions in connection with any acquisition, Investment or any sale, conveyance, transfer or other disposition of assets permitted under the Indenture.

"Consolidated Net Leverage Ratio", as of any date of determination, means the ratio of:

(1) (a) the outstanding Indebtedness (other than (i) any Indebtedness up to a maximum amount equal to the Revolving Facility Excluded Amount at the relevant time Incurred under any Permitted Revolving Credit Facility, (ii) Subordinated Shareholder Loans, (iii) any Indebtedness incurred pursuant to clause (17) of the second paragraph of the covenant under the caption "— *Certain Covenants — Limitation on Indebtedness*", (iv) any Indebtedness which is a contingent obligation of the Issuer or a Restricted Subsidiary and (v) for the purpose of calculating the Consolidated Net Leverage Ratio for purposes of clause (1)(a) of the first paragraph of the covenant under the caption "— *Certain Covenants — Limitation on Indebtedness*", outstanding Indebtedness of the Issuer) of the Issuer and the Restricted Subsidiaries on a Consolidated basis *less* (b) the aggregate amount of cash and Cash Equivalents of the Issuer and the Restricted Subsidiaries on a Consolidated basis, to

(2) the Pro forma EBITDA for the period of the most recent two consecutive fiscal quarters for which financial statements have previously been furnished to holders of the Notes pursuant to the covenant described under "— *Certain Covenants — Reports*", multiplied by 2.0.

provided, however, that the *pro forma* calculation of the Consolidated Net Leverage Ratio shall not give effect to (a) any Indebtedness Incurred on the date of determination pursuant to the provisions described in the second paragraph of the covenant described under the caption "— *Certain Covenants — Limitation on Indebtedness*" or (b) the discharge on the date of determination of any Indebtedness to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described in the second paragraph of the covenant described under the caption "— *Certain Covenants — Limitation on Indebtedness*".

For the avoidance of doubt, in determining Consolidated Net Leverage Ratio, no cash or Cash Equivalents shall be included that are the proceeds of Indebtedness in respect of which the calculation of the Consolidated Net Leverage Ratio is to be made.

"Consolidation" means the consolidation or combination of the accounts of each of the Restricted Subsidiaries with those of the Issuer in accordance with IFRS consistently applied; *provided*, *however*, that "Consolidation" will not include consolidation of the accounts of any Unrestricted Subsidiary, but the interest of the Issuer or any Restricted Subsidiary in an Unrestricted Subsidiary will be accounted for as an investment. The term "Consolidated" has a correlative meaning.

"Content" means any rights to broadcast, transmit, distribute or otherwise make available for viewing, exhibition or reception (whether in analogue or digital format and whether as a channel or an internet service, a teletext- type service, an interactive service, or an enhanced television service or any part of any of the foregoing, or on a pay-per-view basis, or near video-on-demand, or video-on-demand basis or otherwise) any one or more of audio and/or visual images, audio content, or interactive content (including hyperlinks, re-purposed web-site content, database content plus associated templates, formatting information and other data including any interactive applications or functionality), text, data, graphics, or other content, by means of any means of distribution, transmission or delivery system or technology (whether now known or herein after invented).

"Credit Facility" means, one or more debt facilities or arrangements (including, without limitation, the Super Senior Revolving Credit Facility, the Senior Revolving Credit Facility and any Permitted Revolving Credit Facility) or commercial paper facilities with banks or other institutions or investors providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and

whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks or institutions or investors and whether provided under the Super Senior Revolving Credit Facility, the Senior Revolving Credit Facility, a Permitted Revolving Credit Facility or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including but not limited to any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement or instrument (i) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (ii) adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder, (iii) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (iv) otherwise altering the terms and conditions thereof.

"Currency Agreement" means, in respect of a Person, any foreign exchange contract, currency swap agreement, futures contract, option contract, derivative or other similar agreement as to which such Person is a party or a beneficiary.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default; *provided* that any Default that results solely from the taking of an action that would have been permitted but for the continuation of a previous Default will be deemed to be cured if such previous Default is cured prior to becoming an Event of Default.

"Designated Non-Cash Consideration" means the fair market value (as determined in good faith by the Board of Directors or senior management of the Issuer) of non-cash consideration received by the Issuer or one of the Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash or Cash Equivalents received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non- Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under "— *Certain Covenants — Limitation on Sales of Assets and Subsidiary Stock*."

"Designated Senior Indebtedness" means (1) any Senior Indebtedness permitted under the Indenture that has, at the time of designation, an aggregate principal amount outstanding of at least €100.0 million (including the amount of all undrawn commitments and matured and contingent reimbursement obligations pursuant to letters of credit thereunder) and that has been designated by the Issuer in an instrument evidencing such Senior Indebtedness as "Designated Senior Indebtedness" and to which the Trustee has been given written notice of such designation, (2) all Indebtedness arising under the Super Senior Revolving Credit Facility, (3) all Indebtedness under the Senior Revolving Credit Facility and (4) all Indebtedness arising under the Existing Senior Secured Notes Indentures and the Existing Senior Secured Notes.

"Disqualified Stock" means, with respect to any Person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

(1) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise;

(2) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock which is convertible or exchangeable solely at the option of the Issuer or a Restricted Subsidiary); or

(3) is redeemable at the option of the holder of the Capital Stock in whole or in part,

in each case on or prior to the earlier of the date (a) of the Stated Maturity of the Notes or (b) on which there are no Notes outstanding, *provided* that only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock; *provided*, *further* that any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Issuer to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (each defined in a substantially identical manner to the corresponding definitions in the Indenture) shall not constitute Disqualified Stock if the terms of such Capital Stock (and all such securities into which it is convertible or for which it is ratable or exchangeable) provide that the Issuer may not repurchase or redeem any such Capital Stock (and all such securities into which it is convertible or for which it is ratable or exchangeable) pursuant to such provision

prior to compliance by the Issuer with the provisions of the Indenture described under the captions "— *Certain Covenants — Change of Control*" and "— *Certain Covenants — Limitation on Sales of Assets and Subsidiary Stock*" and such repurchase or redemption complies with "— *Certain Covenants — Limitation on Restricted Payments*".

"Distribution Business" means: (1) the business of upgrading, constructing, creating, developing, acquiring, operating, owning, leasing and maintaining cable television networks (including for avoidance of doubt master antenna television, satellite master antenna television, single and multi- channel microwave single or multi-point distribution systems and direct- to-home satellite systems) for the transmission, reception and/or delivery of multi-channel television and radio programming, telephony and internet and/or data services to the residential markets; or (2) any business which is incidental to or related to and, in either case, material to such business.

"Enforcement Sale" means (1) any sale or disposition (including by way of public auction) of the Collateral (other than the Issuer Share Pledge) pursuant to an enforcement action taken by the Security Trustee in accordance with the provisions of the Group Intercreditor Agreement, including on behalf of the Senior Indebtedness Incurred under the Super Senior Revolving Credit Facility, the Senior Revolving Credit Facility, the holders of the Existing Senior Secured Notes or certain hedging counterparties, to the extent such sale or disposition is effected in compliance with the provisions of the Group Intercreditor Agreement, (2) any sale or disposition of the Collateral pursuant to the enforcement of security in favor of other Senior Indebtedness of the Issuer or the Restricted Subsidiaries which complies with the terms of an Additional Intercreditor Agreement (or if there is no such intercreditor agreement, would substantially comply with the requirements of clause (1) hereof).

"Equity Offering" means a sale of (1) Capital Stock of the Issuer (other than Disqualified Stock), (2) Capital Stock the proceeds of which are contributed as equity share capital to the Issuer or as Subordinated Shareholder Loans or (3) Subordinated Shareholder Loans.

"Escrowed Proceeds" means the proceeds from the offering of any debt securities or other Indebtedness paid into escrow accounts with an independent escrow agent on the date of the applicable offering or incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow accounts upon satisfaction of certain conditions or the occurrence of certain events. The term "Escrowed Proceeds" shall include any interest earned on the amounts held in escrow.

"Euro Equivalent" means, with respect to any monetary amount in a currency other than euro, at any time of determination thereof by the Issuer, the amount of euro obtained by converting such currency other than euro involved in such computation into euro at the spot rate for the purchase of euro with the applicable currency other than euro as published in *The Financial Times* in the "Currency Rates" section (or, if *The Financial Times* is no longer published, or if such information is no longer available in *The Financial Times*, such source as may be selected in good faith by the Board of Directors or senior management of the Issuer) on the date of such determination.

"European Union" means the European Union, including member states as of May 1, 2004 but excluding any country which became or becomes a member of the European Union after May 1, 2004.

"European Government Obligations" means any security that is (1) a direct obligation of Ireland, Belgium, the Netherlands, France, The Federal Republic of Germany or any other country that is a member of the European Monetary Union on the Issue Date, for the payment of which the full faith and credit of such country is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

"Exchange Act" means the United States Securities Exchange Act of 1934, as amended.

"Excluded Contribution" means Net Cash Proceeds or property or assets received by the Issuer as capital contributions or Subordinated Shareholder Loans to the Issuer after the Original Unitymedia Notes Issue Date or from the issuance or sale (other than to a Restricted Subsidiary) of Capital Stock (other than Disqualified Stock) of the Issuer, in each case to the extent designated as an Excluded Contribution pursuant to an Officers' Certificate of the Issuer.

"Existing Dollar Senior Secured Notes" means collectively, the Unitymedia Hessen's and Unitymedia NRW's (1) $1 billion aggregate principal amount of 5 ½% Senior Secured Notes due 2023, and (2) $550 million aggregate principal amount of 5% Senior Secured Notes due 2025, in each case, issued pursuant to the relevant Existing Senior Secured Notes Indenture.

"Existing Euro Senior Secured Notes" means collectively, the Unitymedia Hessen's and Unitymedia NRW's (1) €650 million aggregate principal amount of 5 ½% Senior Secured Notes due 2022, (2) €500 million aggregate principal amount of 5 ¾% Senior Secured Notes due 2023, (3) €500 million aggregate principal amount of 5 ⅛% Senior Secured Notes due 2023, (4) €350 million aggregate principal amount of 5 ⅝% Senior Secured Notes due 2023, (5) €475 million aggregate principal amount of 6 ¼ Senior Secured Notes due 2029, (6) €1 billion aggregate principal amount of 4% Senior Secured Notes due 2025, and (7) the March 2015 Unitymedia KabelBW Senior Secured Notes, in each case, issued pursuant to the relevant Existing Senior Secured Notes Indenture.

"Existing Senior Notes" means the Issuer's 2014 UM Senior Notes, issued pursuant to the Existing Senior Notes Indenture.

"Existing Senior Notes Indenture" means the indenture dated October 22, 2014 among, inter alios, the Issuer, and The Bank of New York Mellon, London Branch, as trustee. as amended or supplemented from time to time.

"Existing Senior Secured Notes" means the Existing Euro Senior Secured Notes and the Existing Dollar Senior Secured Notes.

"Existing Senior Secured Notes Indenture" means (1) the indenture dated as of May 4, 2012 among, inter alios, Unitymedia Hessen, Unitymedia NRW and The Bank of New York Mellon, London Branch, as trustee, as amended or supplemented from time to time, (2) the indenture dated as of September 19, 2012 among, inter alios, Unitymedia Hessen, Unitymedia NRW and The Bank of New York Mellon, London Branch, as trustee, as amended or supplemented from time to time, (3) the indenture dated as of December 14, 2012 among, inter alios, Unitymedia Hessen, Unitymedia NRW and The Bank of New York Mellon, London Branch, as trustee, as amended or supplemented from time to time, (4) the indenture dated as of January 21, 2013 among, inter alios, Unitymedia Hessen, Unitymedia NRW and The Bank of New York Mellon, London Branch, as trustee, as amended or supplemented from time to time (5) the indenture dated as of April 16, 2013 among, inter alios, Unitymedia Hessen, Unitymedia NRW and The Bank of New York Mellon, London Branch, as trustee, as amended or supplemented from time to time, (6) the indenture dated as of November 21, 2013 among, inter alios, Unitymedia Hessen, Unitymedia NRW and The Bank of New York Mellon, London Branch, as trustee, as amended or supplemented from time to time, (7) the indenture dated December 17, 2014, among, inter alios, Unitymedia Hessen, Unitymedia NRW and The Bank of New York Mellon, London Branch or (8) the indenture to be entered into among, inter alios, Unitymeda Hessen, Unitymedia NRW and The Bank of New York Mellon, London Branch governing the terms of the March 2015 Unitymedia KabelBW Senior Secured Notes and "Existing Senior Secured Notes Indentures" means all of them.

"fair market value" unless otherwise specified, wherever such term is used in the Indenture (except as otherwise specifically provided in this "Description of the Notes"), may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors of the Issuer setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

"GAAP" means generally accepted accounting principles in the United States.

"Grantor" means any Guarantor and any other person that has pledged Collateral to secure the obligations under the Notes and the Subsidiary Guarantees.

"Group Intercreditor Agreement" means the intercreditor agreement dated November 20, 2009 among, inter alios, UPC Germany Holding B.V., the Issuer and Credit Suisse AG, London Branch, as security agent, as amended or supplemented from time to time.

"guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person and any obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise); or

(2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided*, *however*, that the term "guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "guarantee" used as a verb has a corresponding meaning.

"guarantor" means the obligor under a guarantee.

"Guarantor" means (1) each of Unitymedia Hessen, Unitymedia Verwaltung, Unitymedia NRW, Unitymedia Management, UPC Germany NewCo and KBW in its capacity as guarantor of the Notes and (2) each Additional Guarantor in its capacity as an additional guarantor of the Notes.

"Hedging Obligations" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Commodity Agreement or Currency Agreement.

"Holdco Intercreditor Agreement" means the intercreditor agreement to be dated on or prior to the Collateral Grant Date among, inter alios, UPC Germany Holding B.V., the Issuer and Credit Suisse AG, London Branch, as security agent, as amended or supplemented from time to time.

"holder" means a Person in whose name a Note is registered on the Registrar's books.

"Holding Company" means, in relation to a person, an entity of which that person is a Subsidiary.

"IFRS" means the accounting standards issued by the International Accounting Standards Board and its predecessors as in effect on the Issue Date or, for purposes of the covenant described under "— *Certain Covenants — Reports*", as in effect from time to time; *provided* that at any date after the Issue Date the Issuer may make an irrevocable election to establish that "IFRS" shall mean "IFRS" as in effect on a date that is on or prior to the date of such election. Except as otherwise expressly provided below or in the Indenture, all ratios and calculations based on IFRS contained in the Indenture shall be computed in conformity with IFRS. At any time after the Issue Date, the Issuer may elect to apply for all purposes of the Indenture, in lieu of IFRS, GAAP and, upon such election, references to IFRS herein will be construed to mean GAAP as in effect on the Issue Date; *provided* that (1) all financial statements and reports to be provided, after such election, pursuant to the Indenture shall be prepared on the basis of GAAP as in effect from time to time (including that, upon first reporting its fiscal year results under GAAP, the Issuer shall restate its financial statements on the basis of GAAP for the fiscal year ending immediately prior to the first fiscal year for which financial statements have been prepared on the basis of GAAP), and (2) from and after such election, all ratios, computations and other determinations based on IFRS contained in the Indenture shall, at the Issuer's option (a) continue to be computed in conformity with IFRS (*provided* that, following such election, the annual and quarterly information required by clauses (2) and (3) of the first paragraph of the covenant "— *Certain Covenants — Reports*" shall include a reconciliation, either in the footnotes thereto or in a separate report delivered therewith, of such IFRS presentation to the corresponding GAAP presentation of such financial information), or (b) be computed in conformity with GAAP with retroactive effect being given thereto assuming that such election had been made on the Issue Date. Thereafter, the Issuer may, at its option, elect to apply IFRS or GAAP and compute all ratios, computations and other determinations based on IFRS or GAAP, as applicable, all on the basis of the foregoing provisions of this definition of IFRS.

"Incur" means issue, create, assume, guarantee, incur or otherwise become liable for; *provided*, *however*, that any Indebtedness or Capital Stock of a Person existing at the time such person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary; and the terms "Incurred" and "Incurrence" have meanings correlative to the foregoing.

"Indebtedness" means, with respect to any Person on any date of determination (without duplication):

(1) money borrowed or raised and debit balances at banks;

(2) any bond, note, loan stock, debenture or similar debt instrument;

(3) acceptance or documentary credit facilities;

(4) receivables sold or discounted (otherwise than on a non-recourse basis and other than in the normal course of business for collections);

(5) any other transaction (including without limitation forward sale or purchase agreements) having the commercial effect of a borrowing or raising of money or any of (2) to (4) above;

(6) the principal component or liquidation preference of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends); and

(7) the principal component of Indebtedness of other Persons to the extent guaranteed by such Person to the extent not otherwise included in the Indebtedness of such Person,

provided that Indebtedness which has been cash-collateralized shall not be included in any calculation of Indebtedness to the extent so cash-collateralized.

Notwithstanding the foregoing, "Indebtedness" shall not include (a) any deposits or prepayments received by the Issuer or a Restricted Subsidiary from a customer or subscriber for its service, (b) any obligations to make payments in relation to earn outs, (c) Indebtedness which is in the nature of equity (other than redeemable shares), (d) Capitalized Lease Obligations, (e) any indebtedness in respect of Qualified Receivables Transactions, (f) pension obligations and (g) any payments for assets acquired or services supplied deferred (including Trade Payables) in accordance with the terms pursuant to which the relevant assets were or are to be acquired or services were or are to be supplied. The amount of Indebtedness of any Person at any date will be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingent obligations at such date.

"Independent Financial Advisor" means an accounting, appraisal or investment banking firm of nationally recognized standing that is, in the good faith judgment of the Board of Directors or senior management of the Issuer, qualified to perform the task for which it has been engaged.

"Initial Public Offering" means an Equity Offering of common stock or other common equity interests of the Issuer or any direct or indirect parent company of the Issuer (the "IPO Entity") following which there is a Public Market and, as a result of which, the shares of the common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

"Intercreditor Agreements" means the Group Intercreditor Agreement and the Holdco Intercreditor Agreement and "Intercreditor Agreement" means either of them.

"Interest Rate Agreement" means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement as to which such Person is party or a beneficiary.

"Intra-Group Services" means any of the following (*provided* that the terms of each such transaction are not materially less favorable, taken as a whole, to the Issuer or a Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction in arm's length dealings with a Person that is not an Affiliate):

(1) the sale of programming or other content by the Ultimate Parent or any of its Subsidiaries to the Issuer or any Restricted Subsidiary;

(2) the lease or sublease of office space, other premises or equipment by the Issuer or the Restricted Subsidiaries to the Ultimate Parent or any of its Subsidiaries or by the Ultimate Parent or any of its Subsidiaries to the Issuer or the Restricted Subsidiaries;

(3) the provision or receipt of other goods, services, facilities or other arrangements (in each case not constituting Indebtedness) in the ordinary course of business, by the Issuer or the Restricted Subsidiaries to or from the Ultimate Parent or any of its Subsidiaries, including, without limitation, (a) the employment of personnel, (b) provision of employee healthcare or other benefits, (c) acting as agent to buy or develop equipment, other assets or services or to trade with residential or business customers, and (d) the provision of treasury, audit, accounting, banking, strategy, branding, marketing, network, technology, research and development, telephony, office, administrative, compliance, payroll or other similar services; and

(4) the extension, in the ordinary course of business and on terms not materially less favorable to the Issuer or the Restricted Subsidiaries than arm's length terms, by or to the Issuer or the Restricted Subsidiaries to or by the Ultimate Parent or any of its Subsidiaries of trade credit not constituting Indebtedness in relation to the provision or receipt of Intra-Group Services referred to in paragraphs (1), (2) or (3) of this definition of Intra- Group Services.

"Investment" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any direct or indirect advance, loan (other than advances or extensions of credit to customers in the ordinary course of business) or other extensions of credit (including by way of guarantee or similar arrangement, but excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of

Capital Stock, Indebtedness or other similar instruments issued by, such Person and all other items that are or would be classified as investments on a balance sheet prepared in accordance with IFRS; *provided* that none of the following will be deemed to be an Investment:

(1) Hedging Obligations entered into in the ordinary course of business and in compliance with the Indenture;

(2) endorsements of negotiable instruments and documents in the ordinary course of business; and

(3) an acquisition of assets, Capital Stock or other securities by the Issuer or a Subsidiary for consideration to the extent such consideration consists of Common Stock of the Issuer.

For purposes of the definition of "Unrestricted Subsidiary" and "*— Certain Covenants — Limitation on Restricted Payments*",

(1) "Investment" will include the portion (proportionate to the Issuer's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; *provided*, *however*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Issuer will be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (a) the Issuer's "Investment" in such Subsidiary at the time of such redesignation less (b) the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the fair market value of the net assets (as conclusively determined by the Board of Directors or senior management of the Issuer in good faith) of such Subsidiary at the time that such Subsidiary is so redesignated a Restricted Subsidiary; and

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors or senior management of the Issuer.

If the Issuer or a Restricted Subsidiary transfers, conveys, sells, leases or otherwise disposes of Voting Stock of a Restricted Subsidiary such that such Subsidiary is no longer a Restricted Subsidiary, then the Investment of the Issuer in such Person shall be deemed to have been made as of the date of such transfer or other disposition in an amount equal to the fair market value (as determined by the Board of Directors or senior management of the Issuer in good faith).

"Investment Grade Securities" means:

(1) securities issued by the U.S. government or by any agency or instrumentality thereof (other than Cash Equivalents) or directly and fully guaranteed or insured by the U.S. government and in each case with maturities not exceeding two years from the date of the acquisition;

(2) securities issued by or a member of the European Union as of January 1, 2004, or any agency or instrumentality thereof (other than Cash Equivalents) or directly and fully guaranteed or insured by a member of the European Union as of January 1, 2004, and in each case with maturities not exceeding two years from the date of the acquisition;

(3) debt securities or debt instruments with a rating of A or higher by Standard & Poor's Ratings Services or A-2 or higher by Moody's Investors Service, Inc. or the equivalent of such rating by such rating organization, or if no rating of Standard & Poor's Ratings Services or Moody's Investors Service, Inc. then exists, the equivalent of such rating by any other nationally recognized securities ratings agency, by excluding any debt securities or instruments constituting loans or advances among the Issuer and its Subsidiaries;

(4) investments in any fund that invests exclusively in investments of the type described in clauses (1) through (3) which fund may also hold immaterial amounts of cash and Cash Equivalents pending investment and/or distribution; and

(5) corresponding instruments in countries other than those identified in clauses (1) and (2) above customarily utilized for high quality investments and, in each case, with maturities not exceeding two years from the date of the acquisition.

"Investment Grade Status" shall occur when the Notes receive both of the following:

(1) a rating of "Baa3" (or the equivalent) or higher from Moody's Investors Service, Inc. or any of its successors or assigns; and

(2) a rating of "BBB-" (or the equivalent) or higher from Standard & Poor's Ratings Services, or any of its successors or assigns,

in each case, with a "stable outlook" from such rating agency.

"IPO Market Capitalization" means an amount equal to (1) the total number of issued and outstanding shares of Capital Stock of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (2) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

"Issue Date" means the date of first issuance of the Notes.

"KBW" means Kabel BW GmbH (formerly known as Kabel BW Holdings GmbH) and any and all successors thereto.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"Management Fees" means any management, consultancy or other similar fees payable by the Issuer or any Restricted Subsidiary.

"March 2015 Unitymedia KabelBW Senior Secured Notes" refers to the €500,000,000 3.5% senior secured notes that Unitymedia Hessen and Unitymedia NRW issued pursuant to a purchase agreement entered into among Unitymedia Hessen, Unitymedia NRW, The Bank of New York Mellon, London Branch, and certain initial purchasers party thereto.

"Market Capitalization" means an amount equal to (1) the total number of issued and outstanding shares of Capital Stock of the IPO Entity on the date of the declaration of the relevant dividend, multiplied by (2) the arithmetic mean of the closing prices per share of such Capital Stock for the 30 consecutive trading days immediately preceding the date of the declaration of such dividend.

"Net Available Cash" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all federal, state, provincial, foreign and local taxes required to be paid or accrued as a liability under IFRS (after taking into account any available tax credits or deductions and any tax sharing agreements), as a consequence of such Asset Disposition;

(2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) the deduction of appropriate amounts to be provided by the seller as a reserve, in accordance with IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Issuer or any Restricted Subsidiary after such Asset Disposition.

"Net Cash Proceeds" means, with respect to any issuance or sale of Capital Stock, Subordinated Shareholder Loans or other capital contributions, the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any tax sharing arrangements).

"New Holdco" means the direct Subsidiary of the Ultimate Parent following the Post-Closing Reorganizations or, if the distribution or other transfer pursuant to the Post-Closing Reorganizations is to a second-tier Subsidiary of the Ultimate Parent, such second-tier Subsidiary.

"Officer" of any Person means the Chairman of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, any Managing Director, the Treasurer, any Assistant Treasurer, the Secretary, any Assistant Secretary, or any authorized signatory of such Person.

"Officers' Certificate" means a certificate signed by two Officers.

"Opinion of Counsel" means a written opinion from legal counsel who is reasonably acceptable to the Trustee. The counsel may be an employee of or counsel to the Issuer or the Trustee.

"Original Unitymedia Notes Issue Date" means November 20, 2009.

"Parent" means the Ultimate Parent, any Subsidiary of the Ultimate Parent of which the Issuer is a Subsidiary on the Issue Date and any other Person of which the Issuer at any time is or becomes a Subsidiary after the Issue Date.

"Parent Expenses" means:

(1) costs (including all professional fees and expenses) Incurred by any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, applicable rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Issuer or any Restricted Subsidiary;

(2) indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person with respect to its ownership of the Issuer or the conduct of the business of the Issuer and the Restricted Subsidiaries;

(3) obligations of any Parent in respect of director and officer insurance (including premiums therefor) with respect to its ownership of the Issuer or the conduct of the business of the Issuer and the Restricted Subsidiaries; and

(4) general corporate overhead expenses, including professional fees and expenses and other operational expenses of any Parent or subsidiary of a Parent related to the ownership or operation of the business (including, but not limited to, Intra-Group Services) of the Issuer or any of the Restricted Subsidiaries, including acquisitions or dispositions by the Issuer or its Subsidiaries permitted hereunder (whether or not successful), in each case, to the extent such costs, obligations and/or expenses are not paid by another Subsidiary of such Parent.

"Pari Passu Indebtedness" means Indebtedness of the Issuer that ranks equally or junior in right of payment with the Notes.

"Permitted Asset Swap" means the concurrent purchase and sale or exchange of related business assets (including, without limitation, securities of a Related Business) or a combination of such assets, cash and Cash Equivalents between the Issuer or any of the Restricted Subsidiaries and another Person.

"Permitted Business" means any business:

(1) engaged in by the Issuer or any Restricted Subsidiary on the Issue Date;

(2) that consists of the upgrade, construction, creation, development, marketing, acquisition (to the extent permitted under the Indenture), operation, utilization and maintenance of networks that use existing or future technology for the transmission, reception and delivery of voice, video and/or other data (including networks that transmit, receive and/or deliver services such as multi-channel television and radio, programming, telephony (including, for the avoidance of doubt, mobile telephony), Internet services and content, high speed data transmission, video, multi-media and related activities);

(3) that supports, is incidental, ancillary or complementary to or is related to any such business including, without limitation, all forms of television, telephony and internet services and any services relating to carriers, networks, broadcast or communications services, or Content; or

(4) that comprises being a Holding Company of one or more Persons engaged in such business.

"Permitted Collateral Liens" means:

(1) Liens on the Collateral that are described in one or more of sub-clauses (3), (4), (5), (6), (8), (10), (11) and (13) of clause (A) the definition of "Permitted Liens" and that, in each case, would not

materially interfere with the ability of the Security Trustee to enforce the security interest in the Collateral granted under the Security Documents; and

(2) Liens on the Collateral to secure:

(a) any Additional Notes;

(b) Indebtedness that is permitted to be Incurred under the first paragraph of the covenant described under "— *Certain Covenants — Limitation on Indebtedness*" or clauses (1), (3), (7), (12) (in the case of clause (12), to the extent such guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens), (16) and (17) of the second paragraph of the covenant described under "— *Certain Covenants — Limitation on Indebtedness*";

(c) Indebtedness that is permitted to be Incurred under clause (6) of the second paragraph of the covenant described under "— *Certain Covenants — Limitation on Indebtedness*" and guarantees thereof; *provided* that, at the time of the acquisition or other transaction pursuant to which such Indebtedness was incurred and after giving effect to the Incurrence of such Indebtedness on a pro forma basis, (i) the Issuer would have been able to incur €1.00 of additional Pari Passu Indebtedness pursuant to clause (2) of the first paragraph of the covenant described under "— *Certain Covenants — Limitation on Indebtedness*" or (ii) the Consolidated Net Leverage Ratio would not be greater than it was immediately prior to giving pro forma effect to such acquisition or other transaction and to the Incurrence of such Indebtedness); and

(d) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clauses (a), (b) or (c);

provided, *however*, that such Lien ranks (a) equal to all other Liens on such Collateral securing Senior Indebtedness, as applicable, if such Indebtedness is Senior Indebtedness, as applicable (except that any creditors with respect to the foregoing may provide for an ordering of payments with respect to any proceeds received upon enforcement of such Lien), (b) equal to all other Liens on such Collateral securing Senior Subordinated Indebtedness, if such Indebtedness is Senior Subordinated Indebtedness or (c) junior to the Liens securing the Notes or the Subsidiary Guarantees, *provided*, *further*, *however*, that only Indebtedness represented by obligations under the Notes (including any Additional Notes), the Indenture and any other Pari Passu Indebtedness of the Issuer may be secured by a Lien on the shares of the Issuer.

"Permitted Holders" means collectively, (1) the Ultimate Parent, (2) any Affiliate or Related Person of a Permitted Holder described in clause (1), and any successor to such Permitted Holder, Affiliate, or Related Person, (3) any Person who is acting as an underwriter in connection with any public or private offering of Capital Stock of the Issuer, acting in such capacity, and (4) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) whose acquisition of "beneficial ownership" (within the meaning of Rules 13d- 3 and 13d-5 under the Exchange Act) of Voting Stock or of all or substantially all of the assets of the Issuer and the Restricted Subsidiaries (taken as a whole) constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the covenant described under "— *Certain Covenants — Change of Control*".

"Permitted Investment" means an Investment by the Issuer or any Restricted Subsidiary in:

(1) the Issuer or a Restricted Subsidiary (other than a Receivables Entity) or a Person which will, upon the making of such Investment, become a Restricted Subsidiary (other than a Receivables Entity);

(2) another Person if as a result of such Investment such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all its assets to, the Issuer or a Restricted Subsidiary (other than a Receivables Entity);

(3) cash and Cash Equivalents or Investment Grade Securities;

(4) receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; *provided*, *however*, that such trade terms may include such concessionary trade terms as the Issuer or any such Restricted Subsidiary deems reasonable under the circumstances;

(5) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(6) loans or advances to employees made in the ordinary course of business consistent with past practices of the Issuer or such Restricted Subsidiary;

(7) Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Issuer or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;

(8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including without limitation an Asset Disposition, in each case, that was made in compliance with "— *Certain Covenants — Limitation on Sales of Assets and Subsidiary Stock*" and other Investments resulting from the disposition of assets in transactions excluded from the definition of "Asset Disposition" pursuant to the exclusions from such definition;

(9) any Investment existing on the Issue Date or made pursuant to binding commitments in effect on the Issue Date or an Investment consisting of any extension, modification, replacement, renewal or reinvestment of any Investment or binding commitment existing on the Issue Date or made in compliance with the covenant entitled "— *Certain Covenants — Limitation on Restricted Payments*"; *provided*, that the amount of any such Investment or binding commitment may be increased (a) as required by the terms of such Investment or binding commitment as in existence on the Issue Date (including as a result of the accrual or accretion of interest or original issue discount or the issuance of pay-in-kind securities) or (b) as otherwise permitted under the Indenture;

(10) Currency Agreements, Commodity Agreements and Interest Rate Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with "— *Certain Covenants — Limitation on Indebtedness*";

(11) Investments by the Issuer or any of the Restricted Subsidiaries, together with all other Investments pursuant to this clause (11), in an aggregate amount at the time of such Investment not to exceed the greater of €350.0 million and 5.0% of Total Assets at any one time, *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "— *Certain Covenants — Limitation on Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause;

(12) Investments by the Issuer or a Restricted Subsidiary in a Receivables Entity or any Investment by a Receivables Entity in any other Person, in each case, in connection with a Qualified Receivables Transaction, *provided*, however, that any Investment in any such Person is in the form of a Purchase Money Note, or any equity interest or interests in Receivables and related assets generated by the Issuer or a Restricted Subsidiary and transferred to any Person in connection with a Qualified Receivables Transaction or any such Person owning such Receivables;

(13) guarantees issued in accordance with "— *Certain Covenants — Limitation on Indebtedness*" and other guarantees (and similar arrangements) of obligations not constituting Indebtedness;

(14) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under "— Certain Covenants — Limitation on Liens";

(15) the Notes, the Existing Senior Notes and the Existing Senior Secured Notes;

(16) so long as no Default or Event of Default of the type specified in clause (1) or (2) under "— *Events of Default*" has occurred and is continuing, (a) minority Investments in any Person engaged in a Permitted Business and (b) Investments in joint ventures that conduct a Permitted Business to the extent that, after giving pro forma effect to any such Investment, the Consolidated Net Leverage Ratio would not exceed 5.00 to 1.00;

(17) any Investment to the extent made using as consideration Capital Stock of the Issuer (other than Disqualified Stock), Subordinated Shareholder Loans or Capital Stock of any Parent;

(18) Investments acquired after the Issue Date as a result of the acquisition by the Issuer or a Restricted Subsidiary, including by way of merger, amalgamation or consolidation with or into the Issuer or any Restricted Subsidiary in a transaction that is not prohibited by the covenant described above under the caption "— *Certain Covenants — Merger and Consolidation*" after the Issue Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(19) Investments resulting from the disposition of assets in transactions excluded from the definition of "Asset Disposition" pursuant to the exclusions from such definition;

(20) any Person where such Investment was acquired by the Issuer or any Restricted Subsidiary (a) in exchange for any other Investment or accounts receivable held by the Issuer or any such Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of the issuer of such other Investment or accounts receivable or (b) as a result of a foreclosure by the Issuer or any such Restricted Subsidiary with respect to any secured Investment or other transfer of title with respect to any secured Investment in default; and

(21) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under "— *Certain Covenants — Limitation on Affiliate Transactions*" (except those transactions described in clauses (1), (5), (9) and (20) of that paragraph).

"Permitted Liens" means:

(A) with respect to any Restricted Subsidiary:

(1) Liens securing Indebtedness that is permitted to be Incurred by the Restricted Subsidiaries under clause (1) of the first paragraph of the covenant described under "— *Certain Covenants — Limitation on Indebtedness*" or clauses (1), (3), (7), or (12) (in the case of (12), to the extent such guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Liens), (16) and (17) of the second paragraph of the covenant described under "— *Certain Covenants — Limitation on Indebtedness*";

(2) Liens on Indebtedness that is permitted to be Incurred by the Restricted Subsidiaries under clause (6) of the second paragraph of the covenant described under " — *Certain Covenants — Limitation on Indebtedness*" and guarantees thereof; *provided* that, at the time of the acquisition or other transaction pursuant to which such Indebtedness was incurred and after giving effect to the Incurrence of such Indebtedness on a pro forma basis, (i) the Restricted Subsidiaries would have been able to incur €1.00 of additional Indebtedness pursuant to the clause (1)(a) of the first paragraph of the covenant described under "— *Certain Covenants — Limitation on Indebtedness*" or (ii) the Consolidated Net Leverage Ratio calculated pursuant to clause (1)(a) of the first paragraph of the covenant described under "— *Certain Covenants — Limitation on Indebtedness*" would not be greater than it was immediately prior to giving pro forma effect to such acquisition or other transaction and to the Incurrence of such Indebtedness);

(3) Liens on Receivables and related assets of the type described in the definition of "Qualified Receivables Transaction" Incurred in connection with a Qualified Receivables Transaction;

(4) pledges or deposits by such Person under workmen's compensation laws, unemployment insurance laws or similar legislation, or good faith deposits in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which such Person is a party, or deposits to secure public or statutory obligations of such Person or deposits of cash or United States government bonds to secure surety or appeal bonds to which such Person is a party, or deposits as security for contested taxes or import or customs duties or for the payment of rent, in each case Incurred in the ordinary course of business;

(5) Liens imposed by law, including carriers', warehousemens', mechanics', landlords', materialmens' and repairmens' or other like Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(6) Liens for taxes, assessments or other governmental charges not yet subject to penalties for non-payment or which are being contested in good faith by appropriate proceedings provided appropriate reserves required pursuant to IFRS have been made in respect thereof;

(7) Liens in favor of issuers of surety or performance bonds or letters of credit or bankers' acceptances issued pursuant to the request of and for the account of such Person in the ordinary course of its business;

(8) encumbrances, ground leases, easements or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including, without limitation, minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Issuer and the Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Issuer and the Restricted Subsidiaries;

(9) Liens on assets or property of a Restricted Subsidiary that is not a Guarantor securing Indebtedness of any Restricted Subsidiary that is not a Guarantor permitted by the covenant described under "— *Certain Covenants — Limitation on Indebtedness*";

(10) leases, licenses, subleases and sublicenses of assets (including, without limitation, real property and intellectual property rights) which do not materially interfere with the ordinary conduct of the business of the Issuer or any of the Restricted Subsidiaries;

(11) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as such Lien is adequately bonded and any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(12) Liens for the purpose of securing the payment of all or a part of the purchase price of, or Capitalized Lease Obligations, Purchase Money Obligations or other payments Incurred to finance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business; *provided* that such Liens do not encumber any other assets or property of the Issuer or any Restricted Subsidiary other than such assets or property and assets affixed or appurtenant thereto;

(13) Liens arising solely by virtue of any statutory or common law provisions or customary business provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary institution; *provided* that such deposit account is not intended by the Issuer or any Restricted Subsidiary to provide collateral to the depository institution;

(14) Liens arising from United States Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Issuer and the Restricted Subsidiaries in the ordinary course of business;

(15) Liens existing on, or provided for under written arrangements existing on, the Issue Date;

(16) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary; *provided, however*, that any such Lien may not extend to any other property owned by the Issuer or any other Restricted Subsidiary;

(17) Liens on property at the time a Restricted Subsidiary acquired the property, including any acquisition by means of a merger or consolidation with or into any Restricted Subsidiary; *provided, however*, that such Liens may not extend to any other property owned by any other Restricted Subsidiary;

(18) Liens securing Indebtedness or other obligations of a Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary;

(19) Permitted Collateral Liens;

(20) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in

respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is the security for a Permitted Lien hereunder;

(21) Liens securing the Notes or the Subsidiary Guarantees;

(22) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;

(23) Liens on Capital Stock or other securities of any Unrestricted Subsidiary that secure Indebtedness or other obligations of such Unrestricted Subsidiary;

(24) Liens in respect of the ownership interests in, or assets owned by, any joint ventures or similar arrangements securing obligations of such joint ventures or similar agreements;

(25) Liens over rights under loan agreements relating to, or over notes or similar instruments evidencing, the on-loan of proceeds received by a Restricted Subsidiary from the issuance of Indebtedness, which Liens are created to secure payment of such Indebtedness;

(26) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in escrow accounts or similar arrangement to be applied for such purpose;

(27) Liens Incurred with respect to obligations that do not exceed the greater of (a) €250.0 million and (b) 5.0% of Total Assets at any time outstanding; and

(28) Liens securing obligations under the Existing Senior Secured Notes Indentures, the Existing Senior Secured Notes and any Additional Notes (as defined under the Existing Senior Secured Notes Indentures) and guarantees thereof.

(B) with respect to the Issuer:

(1) Liens securing the Notes;

(2) Permitted Collateral Liens;

(3) Liens securing guarantees of Indebtedness Incurred under Credit Facilities, to the extent the underlying Indebtedness was Incurred in compliance with the first paragraph or clause (1) under the second paragraph of the covenant described under "— *Certain Covenants — Limitation on Indebtedness*";

(4) Liens on property at the time the Issuer acquired the property, including any acquisition by means of a merger or consolidation with or into the Issuer; *provided, however*, that such Liens are not created, Incurred or assumed in connection with, or in contemplation of, such acquisition; *provided further, however*, that such Liens may not extend to any other property owned by the Issuer;

(5) Liens over (i) Capital Stock of any Restricted Subsidiary and (ii) rights under loan agreements, notes or similar instruments representing Indebtedness of any Restricted Subsidiary owing to and held by the Issuer, securing Indebtedness Incurred by a Restricted Subsidiary in compliance with (a) clause (1) of the first paragraph or clauses (1), (3), (7), or (12) (in the case of (12), to the extent such guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Liens), (16) and (17) under the second paragraph of the covenant described under "— *Certain Covenants — Limitation on Indebtedness*" and (b) any Refinancing Indebtedness in respect of Indebtedness referred to in clause (a); and

(6) Liens of the type described in clauses (3), (4), (5), (6), (7), (8), (10), (11), (12), (13), (14), (15), (18), (20), (22), (23), (24), (26) and (28) of clause (A) of this definition of "Permitted Liens".

"Permitted Revolving Credit Facility" means, one or more debt facilities or arrangements (including, without limitation, the Senior Revolving Credit Facility and the Super Senior Revolving Credit Facility) that may be entered into by Issuer and the Restricted Subsidiaries providing for revolving credit loans, letters of credit or other revolving Indebtedness or other advances, in each case, Incurred in compliance with the covenant described under "— *Certain Covenants — Limitation on Indebtedness*."

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision hereof or any other entity.

"Preferred Stock", as applied to the Capital Stock of any corporation, partnership, limited liability company or other entity, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such entity, over shares of Capital Stock of any other class of such entity.

"*Pro forma* EBITDA" means, for any period, the Consolidated EBITDA of the Issuer and the Restricted Subsidiaries, *provided*, *however*, that for the purposes of calculating *Pro forma* EBITDA for such period, if, as of such date of determination:

(1) since the beginning of such period the Issuer or any Restricted Subsidiary will have made any Asset Disposition or disposed of any company, any business, or any group of assets constituting an operating unit of a business (any such disposition, a "Sale") or if the transaction giving rise to the need to calculate the Consolidated Net Leverage Ratio is such a Sale, *Pro forma* EBITDA for such period will be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets which are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period;

(2) since the beginning of such period the Issuer or any Restricted Subsidiary (by merger or otherwise) will have made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise acquires any company, any business, or any group of assets constituting an operating unit of a business (any such Investment or acquisition, a "Purchase") including any such Purchase occurring in connection with a transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect thereto as if such Purchase occurred on the first day of such period; and

(3) since the beginning of such period any Person (that became a Restricted Subsidiary or was merged with or into the Issuer or any Restricted Subsidiary since the beginning of such period) will have made any Sale or any Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by the Issuer or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect thereto as if such Sale or Purchase occurred on the first day of such period.

For purposes of this definition and the definition of Consolidated Net Leverage Ratio (a) whenever *pro forma* effect is to be given to any transaction or calculation, the *pro forma* calculations will be as determined in good faith by a responsible financial or accounting officer of the Issuer (including without limitation in respect of anticipated expense and cost reductions) including, without limitation, as a result of, or that would result from any actions taken, committed to be taken or with respect to which substantial steps have been taken, by the Issuer or any Restricted Subsidiary including, without limitation, in connection with any cost reduction synergies or cost savings plan or program or in connection with any transaction, investment, acquisition, disposition, restructuring, corporate reorganization or otherwise (regardless of whether these cost savings and cost reduction synergies could then be reflected in pro forma financial statements to the extent prepared) and (b) in determining the amount of Indebtedness outstanding on any date of determination, *pro forma* effect shall be given to any Incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Indebtedness as if such transaction had occurred on the first day of the relevant period and (c) interest on any Indebtedness that bears interest at a floating rate and that is being given pro forma effect shall be calculated as if the rate in effect on the date of calculation had been applicable for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness).

"Public Debt" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale. The term "Public Debt" (a) shall not include the Notes (or any Additional Notes), (b) for the avoidance of doubt, shall not be construed to include any Indebtedness issued to institutional investors in a direct placement of such Indebtedness that is not underwritten by an intermediary (it being understood that, without limiting the foregoing, a financing that is distributed to not more than ten Persons (*provided* that multiple managed accounts and affiliates of any such Persons shall be treated as one Person for the purposes of this definition) shall be deemed not to be underwritten), or any Indebtedness under the Super Senior Revolving Credit Facility, the Senior Revolving Credit Facility, a Permitted Revolving Credit Facility, commercial bank or similar Indebtedness, Capitalized Lease Obligation or recourse transfer of any

financial asset or any other type of Indebtedness incurred in a manner not customarily viewed as a "securities offering".

"Public Market" means any time after an Equity Offering has been consummated, shares of common stock or other common equity interests of the IPO Entity having a market value in excess of €75 million on the date of such Equity Offering have been distributed pursuant to such Equity Offering.

"Public Offering" means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include any offering pursuant to Rule 144A and/or Regulation S under the Securities Act to professional market investors or similar persons).

"Public Offering Expenses" means expenses Incurred by any Parent in connection with any public offering of Capital Stock or Indebtedness (whether or not successful):

(1) where the net proceeds of such offering are intended to be received by or contributed or loaned to the Issuer or a Restricted Subsidiary; or

(2) in a prorated amount of such expenses in proportion to the amount of such net proceeds intended to be so received, contributed or loaned; or

(3) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Issuer or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed,

in each case, to the extent such expenses are not paid by another Subsidiary of such Parent.

"Purchase Money Note" means a promissory note of a Receivables Entity evidencing the deferred purchase price of Receivables (and related assets) and/or a line of credit, which may be irrevocable, from the Issuer or any Restricted Subsidiary in connection with a Qualified Receivables Transaction with a Receivables Entity, which deferred purchase price or line is repayable from cash available to the Receivables Entity, other than amounts required to be established as reserves pursuant to agreements, amounts paid to investors in respect of interest, principal and other amounts owing to such investors and amounts owing to such investors and amounts paid in connection with the purchase of newly generated Receivables.

"Purchase Money Obligations" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"Qualified Receivables Transaction" means any transaction or series of transactions that may be entered into by the Issuer or any of the Restricted Subsidiaries pursuant to which the Issuer or any of the Restricted Subsidiaries may sell, convey or otherwise transfer to (1) a Receivables Entity (in the case of a transfer by the Issuer or any of the Restricted Subsidiaries) and (2) any other Person (in the case of a transfer by a Receivables Entity), or may grant a security interest in, any Receivables (whether now existing or arising in the future) of the Issuer or any of the Restricted Subsidiaries, and any assets related thereto including, without limitation, all collateral securing such Receivables, all contracts and all guarantees or other obligations in respect of such accounts receivable, the proceeds of such Receivables and other assets which are customarily transferred, or in respect of which security interests are customarily granted, in connection with asset securitization involving Receivables.

"Receivable" means a right to receive payment arising from a sale or lease of goods or the performance of services by a Person pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay for goods or services under terms that permit the purchase of such goods and services on credit and shall include, in any event, any items of property that would be classified as an "account", "chattel paper", "payment intangible" or "instrument" under the Uniform Commercial Code as in effect in the State of New York and any "supporting obligations" as so defined.

"Receivables Entity" means a Wholly Owned Subsidiary of the Issuer (or another Person in which the Issuer or any Restricted Subsidiary makes an Investment and to which the Issuer or any Restricted Subsidiary transfers Receivables and related assets) which engages in no activities other than in connection with the financing of Receivables and which is designated by the Board of Directors of the Issuer (as provided below) as a Receivables Entity:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which:

  (a) is guaranteed by the Issuer or any Restricted Subsidiary (excluding guarantees of Obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings);

  (b) is recourse to or obligates the Issuer or any Restricted Subsidiary in any way other than pursuant to Standard Securitization Undertakings; or

  (c) subjects any property or asset of the Issuer or any Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) with which neither the Issuer nor any Restricted Subsidiary has any material contract, agreement, arrangement or understanding (except in connection with a Purchase Money Note or Qualified Receivables Transaction) other than on terms no less favorable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Issuer, other than fees payable in the ordinary course of business in connection with servicing Receivables; and

(3) to which neither the Issuer nor any Restricted Subsidiary has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by promptly filing with the Trustee a certified copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officers' Certificate certifying that such designation complied with the foregoing conditions.

"Refinancing Indebtedness" means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) (collectively, "refinance", "refinances", and "refinanced" shall have a correlative meaning) any Indebtedness existing on the Issue Date or Incurred in compliance with the Indenture (including Indebtedness of the Issuer that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness, including successive refinancings, *provided*, *however*, that:

(1) if the Indebtedness being refinanced constitutes Subordinated Obligations, (a) if the Stated Maturity of the Indebtedness being refinanced is earlier than the Stated Maturity of the Notes, the Refinancing Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Indebtedness being refinanced or (b) if the Stated Maturity of the Indebtedness being refinanced is later than the Stated Maturity of the Notes, the Refinancing Indebtedness has a Stated Maturity later than the Stated Maturity of the Notes;

(2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced plus an amount to pay any interest, fees and expenses, premiums and defeasance costs, Incurred in connection therewith; and

(3) if the Indebtedness being refinanced constitutes Subordinated Obligations, such Refinancing Indebtedness is subordinated in right of payment to the Notes on terms at least as favorable to the holders of the Notes as those contained in the documentation governing the Indebtedness being refinanced.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of all or any part of any such Credit Facility or other Indebtedness.

"Related Business" means any business that is the same as or related, ancillary or complementary to, any of the businesses of the Issuer and the Restricted Subsidiaries on the Issue Date.

"Related Person" with respect to any Permitted Holder, means:

(1) any controlling equity holder or majority (or more) owned Subsidiary of such Permitted Holder; or

(2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof; or

(3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein.

"Related Taxes" means:

(1) any taxes, including but not limited to sales, use, transfer, rental, *ad valorem*, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar taxes (other than (x) taxes measured by income and (y) withholding imposed on payments made by any Parent), required to be paid by any Parent by virtue of its:

(a) being organized or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than the Issuer or any of the Issuer's Subsidiaries), or

(b) being a holding company parent of the Issuer or any of the Issuer's Subsidiaries, or

(c) receiving dividends from or other distributions in respect of the Capital Stock of the Issuer, or any of the Issuer's Subsidiaries, or

(d) having guaranteed any obligations of the Issuer or any Subsidiary of the Issuer, or

(e) having made any payment in respect to any of the items for which the Issuer is permitted to make payments to any Parent pursuant to "*— Certain Covenants — Limitation on Restricted Payments*",

in each case, to the extent such taxes are not paid by another Subsidiary or such Parent; or

(2) any taxes measured by income for which any Parent is liable up to an amount not to exceed with respect to such taxes the amount of any such taxes that the Issuer and its Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis if the Issuer and its Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Issuer and its Subsidiaries and any taxes imposed by way of withholding on payments made by one Parent to another Parent on any financing that is provided, directly or indirectly in relation to the Issuer and its Subsidiaries (reduced by any taxes measured by income actually paid by the Issuer and its Subsidiaries).

"Representative" means any trustee, agent or representative (if any) for an issue of Senior Indebtedness or the provider of Senior Indebtedness (if provided on a bilateral basis), as the case may be.

"Restricted Investment" means any Investment other than a Permitted Investment.

"Restricted Subsidiary" means any Subsidiary of the Issuer other than an Unrestricted Subsidiary.

"Revolving Facility Excluded Amount" means the greater of (1) € 300,000,000 (or its equivalent in other currencies) and (2) 0.25 multiplied by the Pro forma EBITDA of the Issuer and the Restricted Subsidiaries on a Consolidated basis for the period of the most recent two consecutive fiscal quarters for which financial statements have previously been furnished to the holders of the Notes pursuant to the covenant described under "*— Certain Covenants — Reports"*, multiplied by 2.0.

"SEC" means the United States Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933, as amended.

"Security Documents" means share pledges or interest pledges of Capital Stock of the Issuer, Unitymedia Management, Unitymedia Hessen and Unitymedia Verwaltung, and any other agreement or Document that provides for a Lien over any Collateral for the benefit of the holders of the Notes, in each case as amended or supplemented from time to time.

"Security Trustee" means Credit Suisse AG, London Branch or an Affiliate thereof or any successor or replacement Security Trustee, acting in such capacity.

"Senior Indebtedness" means, whether outstanding on the Issue Date or thereafter Incurred, all amounts payable by, under or in respect of all other Indebtedness of the Issuer or any Guarantor, including premiums and accrued and unpaid interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Issuer or such Guarantor at the rate specified in the documentation with respect thereto whether or not a claim for post filing interest is allowed in such proceeding) and fees relating thereto; *provided*, *however*, that Senior Indebtedness will not include:

(1) any Indebtedness Incurred in violation of the Indenture;

(2) any obligation of the Issuer to any Restricted Subsidiary or any obligation of any Guarantor to the Issuer or any Restricted Subsidiary;

(3) any liability for taxes owed or owing by the Issuer or any Restricted Subsidiary;

(4) any accounts payable or other liability to trade creditors arising in the ordinary course of business (including guarantees thereof or instruments evidencing such liabilities);

(5) any Indebtedness, guarantee or obligation of the Issuer or any Guarantor that is expressly subordinate or junior in right of payment to any other Indebtedness, guarantee or obligation of the Issuer or such Guarantor, including, without limitation, any Subordinated Obligation; or

(6) any Capital Stock.

"Senior Revolving Credit Facility" means the senior facility agreement entered into on July 25, 2014 among, inter alios, Unitymedia Hessen, as borrower, The Bank of Nova Scotia, as facility agent, Credit Suisse AG, London Branch as security agent, and certain banks and financial institutions as lenders, as amended or supplemented from time to time.

"Senior Subordinated Indebtedness" means each Subsidiary Guarantee issued by such Guarantor and any other Indebtedness of such Guarantor (whether outstanding on the Issue Date or thereafter Incurred) that specifically provides that such Indebtedness is to rank equally with such Subsidiary Guarantee in right of payment and is not subordinated by its terms in right of payment to any other Indebtedness or obligation of such Guarantor (other than Senior Indebtedness of such Guarantor).

"Significant Subsidiary" means any Restricted Subsidiary which, together with the Restricted Subsidiaries of such Restricted Subsidiary, accounted for more than 10% of Total Assets as of the end of the most recently completed fiscal year.

"Specified Legal Expenses" means, to the extent not constituting an extraordinary, non recurring or unusual loss, charge or expense, all attorneys' and experts' fees and expenses and all other costs, liabilities (including all damages, penalties, fines and indemnification and settlement payments) and expenses paid or payable in connection with any threatened, pending, completed or future claim, demand, action, suit, proceeding, inquiry or investigation (whether civil, criminal, administrative, governmental or investigative).

"Standard Securitization Undertakings" means representations, warranties, covenants and indemnities entered into by the Issuer or any Restricted Subsidiary which are reasonably customary in securitization of Receivables transactions.

"Stated Maturity" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"Subordinated Obligation" means, in the case of the Issuer, any Indebtedness of the Issuer (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinate or junior in right of payment to the Notes pursuant to a written agreement and, in the case of a Guarantor, any Indebtedness of such Guarantor (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinate or junior in right of payment to the Subsidiary Guarantee of such Guarantor pursuant to a written agreement.

"Subordinated Shareholder Loans" means Indebtedness of the Issuer (and any security into which such Indebtedness, other than Capital Stock, is convertible or for which it is exchangeable at the option of the holder) issued to and held by any Affiliate (other than a Restricted Subsidiary) that (either pursuant to its terms or pursuant to an agreement with respect thereto):

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of such Indebtedness into Capital Stock (other than Disqualified Stock) of the Issuer or any Indebtedness meeting the requirements of this definition);

(2) does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;

(3) contains no change of control or similar provisions that are effective, and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment prior to the first anniversary of the Stated Maturity or the Notes;

(4) does not provide for or require any security interest or encumbrance over any asset of the Issuer or any of the Restricted Subsidiaries;

(5) is subordinated in right of payment to the prior payment in full of the Notes in the event of (a) a total or partial liquidation, dissolution or winding up of the Issuer, (b) a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Issuer or its property, (c) an assignment for the benefit of creditors or (d) any marshalling of the Issuer's assets and liabilities;

(6) under which the Issuer may not make any payment or distribution of any kind or character with respect to any obligations on, or relating to, such Subordinated Shareholder Loans if (x) a payment Default on the Notes occurs and is continuing or (y) any other Default under the Indenture occurs and is continuing on the Notes that permits the holders of the Notes to accelerate their maturity and the Issuer receives notice of such Default from the requisite holders of the Notes, until in each case the earliest of (a) the date on which such Default is cured or waived or (b) 180 days from the date such Default occurs (and only once such notice may be given during any 360 day period); and

(7) under which, if the holder of such Subordinated Shareholder Loans receives a payment or distribution with respect to such Subordinated Shareholder Loan (a) other than in accordance with the Indenture or as a result of a mandatory requirement of applicable law or (b) under circumstances described under clauses (5)(a) through (d) above, such holder will forthwith pay all such amounts to the Trustee or the Security Trustee to be held in trust for application in accordance with the Indenture.

"Subsidiary" of any Person means (a) any corporation, association or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total ordinary voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof (or Persons performing similar functions) or (b) any partnership, joint venture limited liability company or similar entity of which more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, is, in the case of clauses (a) and (b), at the time owned or controlled, directly or indirectly, by (1) such Person, (2) such Person and one or more Subsidiaries of such Person or (3) one or more Subsidiaries of such Person. Unless otherwise specified herein, each reference to a Subsidiary will refer to a Subsidiary of the Issuer.

"Super Senior Revolving Credit Facility" means the senior secured revolving credit facility agreement entered into on July 25, 2014 among, inter alios, Unitymedia Hessen, as borrower, Credit Suisse AG, London Branch, as facility agent and as security agent, and certain banks and financial institutions as lenders, as amended or supplemented from time to time.

"Total Assets" means the Consolidated total assets of the Issuer and the Restricted Subsidiaries as shown on the most recent balance sheet (excluding the footnotes thereto) of the Issuer (and, in the case of any determination relating to any Incurrence of Indebtedness or any Restricted Payment, on a pro forma basis including any property or assets being acquired in connection therewith).

"Trade Payables" means, with respect to any Person, any accounts payable or an Indebtedness or monetary obligation to trade creditors created, assumed or guaranteed by such Person arising in the ordinary course of business in connection with the acquisition of goods or services.

"Ultimate Parent" means Liberty Global plc and any and all successors thereto.

"Unitymedia KabelBW Group" means Unitymedia KabelBW and its Subsidiaries.

"Unitymedia Hessen" means Unitymedia Hessen GmbH & Co. KG and any and all successors thereto.

"Unitymedia Management" means Unitymedia Management GmbH and any and all successors thereto.

"Unitymedia Management Merger" means either (1) a downstream merger of the Issuer into Unitymedia Management or (2) an upstream merger of Unitymedia Management into the Issuer.

"Unitymedia NRW" means Unitymedia NRW GmbH and any and all successors thereto.

"Unitymedia Verwaltung" means Unitymedia Hessen Verwaltung GmbH and any and all successors thereto.

"Unrestricted Subsidiary" means:

(1) any Subsidiary of the Issuer that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors of the Issuer in the manner provided below; and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Issuer may designate any Subsidiary of the Issuer (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger or consolidation or Investment therein) to be an Unrestricted Subsidiary only if:

(1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of or have any Investment in, or own or hold any Lien on any property of, any other Subsidiary of the Issuer which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary and

(2) such designation and the Investment of the Issuer in such Subsidiary complies with "— *Certain Covenants — Limitation on Restricted Payments*".

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by promptly filing with the Trustee a resolution of the Board of Directors of the Issuer giving effect to such designation and an Officers' Certificate certifying that such designation complies with the foregoing conditions. If, at any time, any Unrestricted Subsidiary would fail to meet the foregoing requirements as an Unrestricted Subsidiary, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary shall be deemed to be Incurred as of such date.

The Board of Directors of the Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that immediately after giving effect to such designation, no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof and either (1) the Issuer could Incur at least €1.00 of additional Pari Passu Indebtedness under clause (2) of the first paragraph of the covenant described under the covenant described under "— *Certain Covenants — Limitation on Indebtedness*" or (2) the Consolidated Net Leverage Ratio would be no greater than it was immediately prior to giving effect to such designation, in each case, on a *pro forma* basis taking into account such designation.

"UPC Broadband" means UPC Broadband Holding B.V., together with its successors.

"UPC Exchange Transaction" means an exchange offer by UPC Holding pursuant to which one or more series of UPC Qualified Notes are offered in exchange for all outstanding Notes issued under the Indenture; *provided*, that (1) no Default or Event of Default has occurred and is continuing at the time any such exchange offer is made or would result therefrom, (2) holders of a majority in aggregate principal amount of the outstanding Notes have elected to participate in such offer, (3) for each €1,000 in principal amount of Notes tendered and accepted, each holder tendering such Notes will receive €1,000 in principal amount of UPC Qualified Notes, (4) the exchange offer complies with Rule 14e-1 under the Exchange Act and any other applicable securities law or regulation, (5) UPC Holding accepts for exchange all Notes tendered in such exchange offer and issues the relevant UPC Qualified Notes in exchange therefor, (6) the exchange offer is open to all holders of the notes on substantially similar terms, (9) the exchange offer is not conditioned upon holders of the Notes consenting to any amendments to the terms of the notes or the Indenture and (10) in connection therewith, the Issuer and the Restricted Subsidiaries will become direct or indirect Subsidiaries of UPC Broadband. To the extent that the provisions of any applicable securities laws or regulations conflict with the requirements set forth in this definition, the Issuer and UPC Holding will comply with the securities laws and regulations and will not be deemed to have breached such requirements by virtue thereof. Notwithstanding the foregoing, the Issuer and UPC Holding shall be permitted in the UPC Exchange Transaction to exclude holders of Notes in any jurisdiction where the UPC Exchange Transaction would require the Issuer or UPC Holding to

file a registration statement, prospectus or similar document under any applicable securities laws (including, but not limited to, United States federal securities laws and the laws of the European Union or its member states), if either of the Issuer or UPC Holding in its sole discretion determines (acting in good faith) (a) that such filing would be materially burdensome (it being understood that it would not be materially burdensome to submit the disclosure document(s) used in other jurisdictions to the securities or financial services authorities in any jurisdiction in accordance with the passporting provisions of the Prospectus Directive 2003/71/EC or similar regulations); or (b) that such solicitation would otherwise not be permitted under applicable law in such jurisdiction.

"UPC Germany NewCo" means UPC Germany NewCo GmbH and any and all successors thereto.

"UPC Holding" means UPC Holding B.V., together with its successors.

"UPC Qualified Notes" means senior notes issued by UPC Holding; *provided*, that (1) such senior Notes will be guaranteed and secured to the same extent that other senior notes of UPC Holding existing on the date of the UPC Exchange Transaction are guaranteed and secured; *provided* that in any event such senior notes will be secured to the same extent as UPC Holding's senior Indebtedness existing on the Issue Date, (2) the Indebtedness incurred under such senior notes is permitted to be Incurred pursuant to the terms and conditions of any other Indebtedness of UPC Holding and its Subsidiaries outstanding upon consummation of the UPC Exchange Transaction, (3) the terms and conditions of such senior notes (other than with respect to pricing and redemption) and the indenture governing such senior notes shall be substantially similar to, and in any event no less favorable to the holders of Notes than, the terms and conditions contained in the indentures governing the senior notes of UPC Holding outstanding on the date of the UPC Exchange Transaction, (4) the interest rate applicable to such senior notes shall not be less than the interest rate applicable to the Notes for which they are exchanged, (5) all amounts due and owing on such senior notes will be payable in the same currency as the Notes for which they are exchanged, (6) the redemption provisions of such senior notes will have at least the remaining call protection applicable to the Notes for which they are exchanged and (7) the Stated Maturity of such senior notes will be no later than the Stated Maturity of the Notes.

"Voting Stock" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

"Wholly Owned Subsidiary" means (1) in respect of any Person, a Person, all of the Capital Stock of which (other than directors' qualifying shares or an immaterial amount of shares required to be owned by other Persons pursuant to applicable law, regulation or to ensure limited liability) is owned by that Person directly or (2) indirectly by a Person that satisfies the requirements of clause (1).

BOOK ENTRY, DELIVERY AND FORM OF NOTES

General

Notes sold outside the United States to non-U.S. persons pursuant to Regulation S under the U.S. Securities Act are initially represented by one or more global notes in registered form without interest coupons attached (the "**Regulation S Global Notes**"). The Regulation S Global Notes were deposited, on the Issue Date, with a common depository and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream.

Notes sold within the United States to qualified institutional buyers as defined in Rule 144A under the U.S. Securities Act, in a private transaction in reliance upon the exemption from the registration requirements of the U.S. Securities Act provided by Section 4(a)(2) thereof are initially represented by one or more global notes in registered form without interest coupons attached (the "**144A Global Notes**" and, together with the Regulation S Global Notes, the "**Global Notes**"). The 144A Global Notes were deposited, on the Issue Date, with a common depository and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream.

Ownership of interests in the 144A Global Notes ("**144A Book-Entry Interests**") and ownership of interests in the Regulation S Global Notes (the "**Regulation S Book-Entry Interest**", and together with the 144A Book-Entry Interests, the "**Book-Entry Interests**") is limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants. The Book-Entry Interests in the Global Notes was issued only in denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

The Book-Entry Interests will not be held in definitive form. Instead, Euroclear and/or Clearstream, as applicable, will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, "holders" of Book-Entry Interests will not be considered the owners or "holders" of the Notes for any purpose. Only the registered holder of a Note will be treated as the owner of such Note.

So long as the Notes are held in global form, Euroclear and/or Clearstream, as applicable, (or their respective nominees) will be considered the sole holders of Global Notes for all purposes under the Indenture. As such, participants must rely on the procedures of Euroclear and/or Clearstream and indirect participants must rely on the procedures of Euroclear and/or Clearstream and the participants through which they own Book-Entry Interests in order to exercise any rights of holders under the Indenture.

Neither the Issuer nor the Trustee under the Indenture or any of the Issuer's respective agents will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Issuance of Definitive Registered Notes

Under the terms of the Indenture, owners of Book-Entry Interests will receive definitive Notes in registered form (the "**Definitive Registered Notes**"):

(1) if Euroclear and/or Clearstream notify the Issuer that it is unwilling or unable to continue to act as depository and a successor depository is not appointed by the Issuer within 120 days;

(2) if the Issuer, at its option, notifies the Trustee in writing that it elects to exchange in whole, but not in part, the Global Note for Definitive Notes;

(3) in whole, but not in part, if the Issuer or Euroclear and/or Clearstream so request following an Event of Default under the Indenture; or

(4) if the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear and/or Clearstream or to the Issuer following an Event of Default under the Indenture.

Euroclear has advised the Issuer that upon request by an owner of a Book-Entry Interest described in the immediately preceding clause (3), its current procedure is to request that the Issuer issue or cause to be issued the relevant Notes in definitive registered form to all owners of Book-Entry Interests.

In such an event, the Issuer issued Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf Euroclear and/or Clearstream, or the Issuer, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes bear the restrictive legend referred to in "*Transfer Restrictions*", unless that legend is not required by the Indenture or applicable law.

The Issuer, the Trustee, the transfer agents, Paying Agent and the Registrar shall treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes is evidenced through registration in the register maintained the Registrar, and such registration is a means of evidencing title to the Notes.

The Issuer shall not impose any fees or other charges in respect of the Notes; however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and/or Clearstream, as applicable.

Redemption of Global Notes

In the event any Global Note, or any portion thereof, is redeemed, Euroclear and/or Clearstream, as applicable, will distribute the amount received by it in respect of the Global Note so redeemed to the holders of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note, subject to any applicable withholding taxes. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof), subject to any applicable withholding taxes. The Issuer understands that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; provided, however, that no Book-Entry Interest of less than €100,000 in principal amount at maturity, or less, may be redeemed in part.

Payments on Global Notes

Payments of amounts owing in respect of the Global Notes (including principal, premium, interest, additional interest and additional amounts) will be made by the Issuer to the Paying Agent. The Paying Agent will, in turn, make such payments to the common depository for Euroclear and/or Clearstream which will distribute such payments to participants in accordance with their respective procedures.

Under the terms of the Indenture, the Issuer and the Trustee will treat the registered holder of the Global Notes (i.e., Euroclear or Clearstream (or their respective nominees)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuer nor the Trustee or any of their respective agents has or will have any responsibility or liability for:

- any aspects of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest; or
- Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of subscribers registered in "street name".

Currency and Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interest in such Notes through Euroclear and/or Clearstream in euro.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of Notes only at the direction of one or more participants to whose account the Book-Entry Interests in

the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, each of Euroclear and Clearstream reserves the right to exchange the Global Notes for Definitive Registered Notes in certificated form, and to distribute such Definitive Registered Notes to their respective participants.

Transfers

The Global Notes bear a legend to the effect set forth in "*Transfer Restrictions*". Book-Entry Interests in the Global Notes are subject to the restrictions on transfer discussed in "*Transfer Restrictions*".

144A Book-Entry Interests may be transferred to a person who takes delivery in the form of Regulation S Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the U.S. Securities Act. Prior to 40 days after the date of initial issuance of the Notes, ownership of Regulation S Book-Entry Interests is limited to persons that have accounts with Euroclear or Clearstream or persons who hold interests through Euroclear or Clearstream, and any sale or transfer of such interest to U.S. persons shall not be permitted during such periods unless such resale or transfer is made pursuant to Rule 144A. Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Transfer Restrictions*" and in accordance with any applicable securities laws of any other jurisdiction.

Subject to the foregoing, and as set forth in "*Transfer Restrictions*", Book-Entry Interests may be transferred and exchanged as described under "*Description of the Notes — Transfer and Exchange*". Any Book-Entry Interest in a Global Note that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in the other Global Note, and accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as that person retains such a Book-Entry Interest.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under "*Description of the Notes — Transfer and Exchange*" and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to the Notes. See "*Transfer Restrictions*".

Information concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. The Issuer provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither the Issuer nor the Initial Purchasers are responsible for those operations or procedures.

Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The laws of some

jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such person may be limited.

In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the 144A Global Notes only through Euroclear or Clearstream participants.

Initial Settlement

Initial settlement for the Notes was made in euro. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

Secondary Market Trading, Global Clearance and Settlement under the Book-Entry System

Application has been made to the Luxembourg Stock Exchange for the Notes represented by the Global Notes to be admitted to listing and trading on the Euro MTF Market. We expect that secondary trading in any certificated Notes will also be settled in immediately available funds.

The Book-Entry Interests will trade through participants of Euroclear or Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, any guarantor, the Trustee, Registrar, any transfer or any Paying Agent will have any responsibility for the performance by Euroclear or Clearstream or their respective participants or indirect participants, of their respective obligations under the rules and procedures governing their operations.

TRANSFER RESTRICTIONS

Neither the Notes nor the Guarantees have been registered under the U.S. Securities Act or any other applicable securities laws and, unless so registered, the Notes may not be offered, sold, pledged or otherwise transferred within the U.S. or to or for the account of any U.S. person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws. The Notes are being offered and sold and issued (1) in the United States, to "qualified institutional buyers" as defined in Rule 144A under the U.S. Securities Act, and (2) outside the United States, to persons other than "U.S. persons" as defined in Rule 902 under the U.S. Securities Act in offshore transactions in compliance with Regulation S under the U.S. Securities Act.

By purchasing the Notes, you will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or Regulation S under the U.S. Securities Act are used herein as defined therein):

(1) You are not an "affiliate" (as defined in Rule 144 under the U.S. Securities Act) of the Issuer, you are not acting on behalf of the Issuer and you (A) (i) are a "qualified institutional buyer" (as defined in Rule 144A under the U.S. Securities Act); (ii) are aware that the sale to you is being made in reliance on Rule 144A; and (iii) are acquiring the Notes for your own account or for the account of a qualified institutional buyer; or (B) are not a U.S. person (as defined in Regulation S under the U.S. Securities Act) (and are not purchasing the Notes for the account or benefit of a U.S. person, other than a distributor) and are purchasing the Notes in an offshore transaction pursuant to Regulation S.

(2) You understand that the Notes are being offered in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act, that the Notes have not been and will not be registered under the U.S. Securities Act or any other applicable securities laws and that (A) if in the future you decide to offer, resell, pledge or otherwise transfer any of the Notes, such Notes may be offered, resold, pledged or otherwise transferred only (i) for so long as the Notes are eligible for resale under Rule 144A, in the United States to a person whom you reasonably believe is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A; (ii) outside the United States in a transaction complying with the provisions of Regulation S under the U.S. Securities Act; or (iii) to the Issuer, in each case in accordance with any applicable securities laws; and (B) you will, and each subsequent holder is required to, notify any subsequent purchaser of the Notes from you or it of the resale restrictions referred to the legend below.

(3) You acknowledge that none of the Issuer, the Initial Purchasers or any person representing the Issuer or the Initial Purchasers has made any representation to you with respect to the Issuer or the offer or sale of any of the Notes, other than by the Issuer with respect to the information contained in these Listing Particulars, which Listing Particulars have been delivered to you and upon which you are relying in making your investment decision with respect to the Notes. You acknowledge that the Initial Purchasers make no representation or warranty as to the accuracy or completeness of these Listing Particulars. You have had access to such financial and other information concerning the Issuer, the Guarantors, the Indenture, the Notes and the security documents as you deemed necessary in connection with your decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, the Issuer and the Initial Purchasers.

(4) You also acknowledge that:

(a) the Issuer and the Trustee reserve the right to require in connection with any offer, sale or other transfer of Notes under the paragraph two above the delivery of an opinion of counsel, certifications and/or other information satisfactory to the Issuer and the Trustee; and

(b) each Global Note will contain a legend substantially to the following effect:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR OTHER SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION UNLESS THE TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS IN THE CASE OF RULE 144A NOTES: ONE YEAR AND IN THE CASE OF REGULATION S NOTES: 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATES OF THE ISSUER WERE THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE U.S. SECURITIES ACT, OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

BY ACCEPTING THIS NOTE (OR AN INTEREST IN THE NOTE REPRESENTED HEREBY) EACH ACQUIRER AND EACH TRANSFEREE IS DEEMED TO REPRESENT, WARRANT AND AGREE THAT AT THE TIME OF ITS ACQUISITION AND THROUGHOUT THE PERIOD THAT IT HOLDS THIS NOTE OR ANY INTEREST HEREIN (1) EITHER (A) IT IS NOT, AND IT IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS NOTE OR ANY INTEREST HEREIN IT WILL NOT BE, AND WILL NOT BE ACTING ON BEHALF OF), AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA")) SUBJECT TO THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, A PLAN TO WHICH SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED, ("CODE"), APPLIES, OR ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" (WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101 (AS MODIFIED BY SECTION 3(42) OF ERISA)) BY REASON OF SUCH AN EMPLOYEE BENEFIT PLAN'S AND/OR PLAN'S INVESTMENT IN SUCH ENTITY (EACH, A "BENEFIT PLAN INVESTOR"), OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE FIDUCIARY RESPONSIBILITY OR THE PROHIBITED TRANSACTION PROVISIONS OF ERISA AND/OR SECTION 4975 OF THE CODE ("SIMILAR LAWS"), AND NO PART OF THE ASSETS USED BY IT TO ACQUIRE OR HOLD THIS NOTE OR ANY INTEREST HEREIN CONSTITUTES THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SUCH A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR AN INTEREST HEREIN DOES NOT AND WILL NOT CONSTITUTE OR OTHERWISE RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, A NON-EXEMPT VIOLATION

OF ANY SIMILAR LAWS); AND (2) NEITHER THE ISSUER NOR ANY OF ITS AFFILIATES IS A "FIDUCIARY" (WITHIN THE MEANING OF SECTION 3(21) OF ERISA OR SECTION 4975 OF THE CODE OR, WITH RESPECT TO A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, ANY DEFINITION OF "FIDUCIARY" UNDER SIMILAR LAWS) WITH RESPECT TO THE PURCHASER OR HOLDER IN CONNECTION WITH ANY PURCHASE OR HOLDING OF THIS NOTE, OR AS A RESULT OF ANY EXERCISE BY THE ISSUER OR ANY OF ITS AFFILIATES OF ANY RIGHTS IN CONNECTION WITH THIS NOTE, AND NO ADVICE PROVIDED BY THE ISSUER OR ANY OF ITS AFFILIATES HAS FORMED A PRIMARY BASIS FOR ANY INVESTMENT DECISION BY OR ON BEHALF OF THE PURCHASER OR HOLDER IN CONNECTION WITH THIS NOTE AND THE TRANSACTIONS CONTEMPLATED WITH RESPECT TO THIS NOTE.

(c) The following legend shall also be included, if applicable:

THE FOLLOWING INFORMATION IS SUPPLIED SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES. THIS NOTE WAS ISSUED WITH ORIGINAL ISSUE DISCOUNT ("OID") WITHIN THE MEANING OF SECTION 1273 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), AND THIS LEGEND IS REQUIRED BY SECTION 1275(c) OF THE CODE.

Holders may obtain information regarding the amount of any OID, the issue price, the Issue Date and the yield to maturity relating to the Notes by contacting the Chief Financial Officer, Aachener Strasse 746-750, 50933, Cologne, Germany.

If you purchase Notes, you are also deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

(1) You acknowledge that the Registrar will not be required to accept for registration of transfer any Notes acquired by you, except upon presentation of evidence satisfactory to the Issuer and the Registrar that the restrictions set forth herein have been complied with.

(2) You acknowledge that:

(a) the Issuer, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgments, representations and agreements set forth herein and you agree that, if any of your acknowledgments, representations or agreements herein cease to be accurate and complete, you will notify the Issuer and the Initial Purchasers promptly in writing; and

(b) if you are acquiring any Notes as a fiduciary or agent for one or more investor accounts, you represent with respect to each such account that:

(i) you have sole investment discretion; and

(ii) you have full power to make, and make, the foregoing acknowledgments, representations and agreements.

(3) You agree that you will give to each person to whom you transfer these Notes notice of any restrictions on the transfer of the Notes.

(4) The purchaser understands that no action has been taken in any jurisdiction (including the United States) by the Issuer or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of these Listing Particulars or any other material relating to the Issuer or the Notes in any jurisdiction where action for the purpose is required. Consequently, any transfer of the Notes is subject to the selling restrictions set forth hereunder.

European Economic Area

In relation to each member state of the EEA which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Initial Purchasers have represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), it has not made and will not make an offer of the Notes which are the

subject of the offering contemplated by these Listing Particulars to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Initial Purchaser or Initial Purchasers nominated by the Issuer for any such offer; or

(c) any other entity in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of the Notes shall require the Issuer or the Initial Purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospective Directive.

For the purposes of this provision, the expression an "offer of the Notes to the public" in relation to the Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression "Prospectus Directive" means Directive 2003/71/EC as amended, including by Directive 2010/73/EU and includes any relevant implementing measure in the Relevant Member State.

ERISA Considerations

By acquiring the Notes, you will be deemed to have further represented and agreed as follows:

(1) With respect to the acquisition, holding and disposition of the Notes, or any interest therein, (A) either (i) you are not, and are not acting on behalf of (and for so long as you hold such Notes or any interest therein will not be, and will not be acting on behalf of), an employee benefit plan (as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**")), subject to the provisions of part 4 of subtitle B of Title I of ERISA, a plan to which Section 4975 of the U.S. Internal Revenue Code of 1986, as amended ("**Code**"), applies, or any entity whose underlying assets include "plan assets" (within the meaning of 29 C.F.R. Section 2510.3-101 (as modified by Section 3(42) of ERISA)) by reason of such an employee benefit plan's and/or plan's investment in such entity (each, a "**Benefit Plan Investor**"), or a governmental, church or non-U.S. plan which is subject to any U.S. federal, state, local, non-U.S. or other laws or regulations that are substantially similar to the fiduciary responsibility or prohibited transaction provisions of ERISA or the provisions of Section 4975 of the Code ("**Similar Laws**"), and no part of the assets to be used by you to acquire or hold such Notes or any interest therein constitutes the assets of any such Benefit Plan Investor or such a governmental, church or non-U.S. plan, or (ii) your acquisition, holding and disposition of such Note, or any interest therein does not and will not constitute or otherwise result in a non-exempt prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code (or, in the case of a governmental, church or non-U.S. plan, a non-exempt violation of any Similar Laws); and (B) none of the Issuer or any of its affiliates is a "fiduciary" (within the meaning of Section 3(21) of ERISA or Section 4975 of the Code or, with respect to a governmental, church or non-U.S. plan, any definition of "fiduciary" under Similar Laws) with respect to you, as the purchaser or holder, in connection with your purchase or holding of the Notes, or as a result of any exercise by the Issuer or any of its affiliates of any rights in connection with the Notes, and no advice provided by the Issuer or any of its affiliates has formed a primary basis for any investment decision by or on behalf of you as the purchaser or holder in connection with the Notes and the transactions contemplated with respect to the Notes.

CERTAIN TAX CONSIDERATIONS

The following is a summary based on present law of certain German and U.S. federal income tax considerations for prospective purchasers of the Notes. It addresses only purchasers that buy in the original offering at the original offering price and, in the case of a U.S. Holder (as defined below), that hold the Notes as capital assets and use the U.S. dollar as their functional currency and, in the case of German-resident holders of the Notes, that use the Euro as their functional currency. The discussion does not consider the circumstances of particular purchasers subject to special tax regimes, such as banks, insurance companies, dealers, tax exempt organizations or persons holding the Notes as part of a hedge, straddle, conversion, integrated or constructive sale transaction. This summary is based upon the law as in effect and as applied on the date of these Listing Particulars and is subject to any change in law, court rulings or administrative practice that may take effect after such date even with retrospective effect. The summary of U.S. tax considerations is further limited as described below. The discussion is a general summary only; it is not a substitute for tax advice.

EACH PROSPECTIVE PURCHASER SHOULD SEEK ADVICE FROM AN INDEPENDENT TAX ADVISOR ABOUT THE TAX CONSEQUENCES UNDER ITS OWN PARTICULAR CIRCUMSTANCES OF INVESTING IN OFFERED SECURITIES UNDER THE LAWS OF GERMANY, THE UNITED STATES AND ITS CONSTITUENT JURISDICTIONS AND ANY OTHER JURISDICTION WHERE THE PURCHASER MAY BE SUBJECT TO TAXATION.

Certain German Income Tax Considerations

Prospective purchasers of Notes are advised to consult their own tax advisors for the tax consequences of the purchase, the ownership and the disposition of the Notes, including the effect of any state or local taxes under the tax laws of the Federal Republic of Germany as well as of any other country of which they are residents.

German Tax Resident Private Holders of the Notes

General

Interest, including any Additional Amounts, received by German resident private holders of the Notes (i.e. individuals that hold the Notes as private assets (*Privatvermögen*) whose residence or habitual abode is located in Germany), is generally subject to income tax at a flat rate of 25 percent (plus 5.5 percent solidarity surcharge thereon and, if applicable, church tax) (*Abgeltungsteuer*).

The flat tax regime also applies to capital gains, including any Additional Amounts, from the sale or redemption of the Notes held by German resident private holders of the Notes. Losses from the sale or redemption of the Notes can only be offset against other investment income within the meaning of the flat tax regime. In the event that an off-set is not possible in the assessment period in which the losses have been realized, such losses will be carried forward into future assessment periods only and can, subject to certain restrictions, be off-set against investment income within the meaning of the flat tax regime generated in future assessment periods.

Capital gains and losses are determined by the difference between the sales/redemption proceeds after the deduction of expenses directly connected to the sale/redemption and the acquisition costs of the Notes.

Withholding Tax

For German resident private holders of the Notes, the flat tax liability on interest on the Notes is generally levied by way of withholding tax, provided that the Notes are held in custody with a German custodian, who is required to deduct the withholding tax from such interest payments (the "**Disbursing Agent**", *auszahlende Stelle*).

Disbursing Agents are German resident credit institutions, financial services institutions (including German permanent establishments of foreign institutions), securities trading companies or securities trading banks. The applicable withholding tax rate is 25 percent (plus 5.5 percent solidarity surcharge thereon and, if applicable, church tax which is withheld upon a respective application and from 2015 compulsory).

The withholding tax regime also applies to any gains from the sale or redemption of Notes realized by private holders of Notes holding the Notes in custody with a Disbursing Agent. However, to the extent the Notes have not been held in custody with the same Disbursing Agent since their time of acquisition, withholding tax is

levied on 30% of the proceeds from the disposal or redemption unless the current Disbursing Agent has been provided with evidence of the actual acquisition costs of the Notes by the previous Disbursing Agent or by a statement of a bank or financial services institution within the European Economic Area or certain other countries in accordance with Art. 17 para. 2 of the EU Council Directive 2003/48/EC dated June 3, 2003, on the Taxation of Savings Income in the form of interest payments ("**EU Savings Tax Directive**").

For German-resident private holders of the Notes, the withholding tax is generally definitive (i.e. in principle there will be no further income tax liability on investment income from which withholding tax was deducted and the holder of the Notes is not required to declare such income in his/her tax return). In the case of investment income which is not subject to the withholding tax regime, a special flat tax assessment procedure applies, i.e. the holder of the Notes has to declare the income in his/her tax return and is taxed at the flat tax rate in accordance with the flat tax principles outlined above. This applies *mutatis mutandis* in the case that church tax (although due) is not levied by way of the withholding tax. Finally, the special flat tax assessment procedure applies upon request of the holder of the Notes, provided that further pre-requisites are met. Private holders of the Notes having a lower personal income tax rate may, upon application, also include the investment income in their general income tax return to achieve a lower tax rate. Taxes withheld in excess of the assessed tax liability will be refunded.

German resident private holders of the Notes are entitled to a lump-sum deduction (*Sparer-Pauschbetrag*) from income from capital investments in the amount of €801 (€1,602 for married couples filing tax returns jointly) per annum, whereby higher expenses directly attributable to a capital investment are not deductible. The Disbursing Agent will take into account those lump-sum deductions upon filing of an exemption certificate (*Freistellungsauftrag*). No withholding tax will be deducted if the holder of Notes has submitted to the Disbursing Agent a certificate of non- assessment (*Nichtveranlagungsbescheinigung*) issued by the competent local tax office.

German Tax Resident Business Holders of the Notes

Interest, including any Additional Amounts, received by German resident business holders of the Notes (i.e. individual or corporate holders of Notes that hold the Notes as business assets (*Betriebsvermögen*) whose residence, habitual abode, statutory seat or place of effective management is located in Germany) and capital gains from the sale or redemption of the Notes are subject to income tax or corporate income tax, as the case may be, as well as solidarity surcharge (and in the case of individuals, if applicable, church tax); gains derived from an original issue discount, if any, are, in principle, treated as deferred income which is realized pro rata temporis. In addition, trade tax is levied to such income, if the Notes are held as assets of a German business. Losses should, as a rule, be tax deductible.

The withholding tax regime outlined above also applies *mutatis mutandis* to business holders of the Notes. However, German corporate holders of the Notes and other holders of the Notes holding the Notes as assets of a German business are in essence not subject to the withholding tax on gains from the sale or redemption of the Notes (i.e. for these holders of Notes only interest, including any Additional Amounts, but not gains from the sale or redemption of the Notes are subject to the withholding tax regime, if, in case of corporate holders of Notes, the corporate status is evidenced by a certificate of the competent tax office). The holder of the Notes is obliged to include the respective income and related (business) expenses in the annual income tax return.

Any withholding tax imposed is credited against the income tax liability of the holder of Notes (corporate or individual and the solidarity surcharge as well as, if applicable, church tax) in the course of the tax assessment procedure, i.e. the withholding tax is not definitive. Any potential surplus of the withholding tax will be refunded.

The trade tax liability depends on the trade tax factor determined by the municipality where the holder of Notes maintains his/her permanent establishment.

Foreign Tax Resident Holders of the Notes

Generally, foreign resident holders of the Notes (i.e. individual or private holders of Notes whose residence, habitual abode, statutory seat or place of effective management is not located in Germany) should not be taxable in Germany with interest, including any Additional Amounts, and the gains from the sale or redemption of the Notes, unless (i) the Notes form part of the business of a permanent establishment in Germany or (ii) the income otherwise constitutes German source income. In cases (i) and (ii), a tax regime similar to that explained above applies. Generally, no German withholding tax is withheld from such income. This should hold true, even if the Notes are held in custody with a German custodian; however, in this case withholding tax may

be levied under certain circumstances, but should be refunded based on an assessment to tax or under an applicable tax treaty.

Treatment under the Investment Tax Act

The Issuer takes the view that the special provisions of the Investment Tax Act (*Investmentsteuergesetz*) are not applicable to the Notes.

EU Directive on the Taxation of Savings Income

Under the EU Savings Tax Directive each Member State is required to provide to the tax authorities of another Member State details of interest payments or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State. However, Austria may instead apply a withholding system for a transitional period in relation to such payments, deducting tax at a current rate of 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. From January 1, 2015, Luxembourg will apply the automatic exchange of information on interest payments made by a paying agent established in Luxembourg instead of applying the withholding system as described above. The directive has been implemented in Germany by the Decree on the Taxation of Interest Income (*Zinsinformationsverordnung*) which applies from July 1, 2005, onwards.

On March 24, 2014, the Council of the EU adopted a Council Directive amending and broadening the scope of the requirements described above. EU member states are required to apply these new requirements from January 1, 2017. The changes will expand the range of payments covered by the EU Savings Tax Directive, in particular to include additional types of income payable on securities. The directive will also expand the circumstances in which payments that indirectly benefit an individual resident in an EU member state must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the EU.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

Certain U.S. Federal Income Tax Considerations

The following is a description of certain U.S. federal income tax considerations relevant to the acquisition, ownership, and disposition of the Notes by a U.S. Holder (as defined below). This description only applies to Notes held as capital assets (generally, property held for investment) and does not address, except as set forth below, aspects of U.S. federal income taxation that may be applicable to holders that are subject to special tax rules, such as:

- banks or other financial institutions;
- insurance companies;
- real estate investment trusts, individual retirement accounts or other tax deferred accounts;
- regulated investment companies;
- grantor trusts;
- tax-exempt organizations;
- persons that will own the Notes through partnerships or other pass-through entities;
- dealers or traders in securities or currencies;
- U.S. Holders that have a functional currency other than the U.S. dollar;
- certain former citizens and long-term residents of the United States;

- U.S. Holders that use a mark-to-market method of accounting; or
- U.S. Holders that will hold a Note as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes.

Moreover, this description does not address the U.S. federal estate and gift tax or alternative minimum tax consequences of the acquisition, ownership, and disposition of the Notes and does not address the 3.8% Medicare tax on net investment income that can also apply to certain U.S. holders' capital gains and interest in respect of the Notes. This description also does not address the U.S. federal income tax treatment of holders that do not acquire the Notes as part of the initial distribution at their initial issue price (generally, the first price to the public at which a substantial amount of the Notes is sold for money). Each prospective purchaser should consult its own tax advisor with respect to the U.S. federal, state, local and non-U.S. tax consequences of acquiring, holding and disposing of the Notes.

This description is based on the Code, U.S. Treasury Regulations promulgated thereunder ("**Treasury Regulations**"), administrative pronouncements and judicial decisions, each as available and in effect on the date hereof. All of the foregoing are subject to change or differing interpretations (possibly with retroactive effect), which could affect the tax considerations described herein. No opinion of counsel or ruling from the Internal Revenue Service ("**IRS**") has been or will be given with respect to any of the considerations discussed herein. No assurances can be given that the IRS would not assert, or that a court would not sustain, a position different from any of the tax considerations discussed below.

For purposes of this description, a U.S. Holder is a beneficial owner of the Notes who for U.S. federal income tax purposes is:

- a citizen or individual resident of the United States;
- a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) organized in or under the laws of the United States or any State thereof, including the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust (1) that validly elects to be treated as a U.S. person for U.S. federal income tax purposes or (2)(a) the administration over which a U.S. court can exercise primary supervision and (b) all of the substantial decisions of which one or more U.S. persons have the authority to control.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds the Notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax advisor as to its consequences.

Persons considering the purchase, ownership or disposition of Notes should consult their own tax advisors concerning the U.S. federal income tax considerations related to their particular situations as well as any considerations arising under the laws of any other taxing jurisdiction.

Redemptions and Additional Amounts

In certain circumstances (see "*Description of the Notes — Optional Redemption*," "*Description of the Notes — Withholding Taxes*" and "*Description of the Notes — Certain Covenants*"), the Issuer may be obligated to make payments in excess of stated interest and the adjusted issue price of the Notes ("Additional Amounts") or redeem the Notes in advance of their expected maturity. The Issuer believes, and intends to take the position if required, that the Notes should not be treated as contingent payment debt instruments because of the possibility of such payments or redemptions. This position is based in part on assumptions regarding the likelihood as of the date of issuance of the Notes, of such payments or redemptions. Assuming such position is respected, any amounts paid to a U.S. Holder pursuant to such redemption would be taxable as described below in " *— Sale, Exchange, Retirement or Taxable Disposition*" and any payments of Additional Amounts should be taxable as additional ordinary income when received or accrued, in accordance with such holder's method of accounting for U.S. federal income tax purposes. The IRS may, however, take a position contrary to the position described above, which could affect the amount, timing and character of a U.S. Holder's income with respect to the Notes. A U.S. Holder that desires to take the position that the Notes are subject to the contingent payment debt instrument rules should consult with its tax advisor, including regarding the manner in which to disclose such position as required by applicable U.S. Treasury Regulations; the IRS may disagree with such holder's contrary position. U.S. Holders should consult their tax advisors regarding the potential application to the Notes

of the contingent payment debt instrument rules and the consequences thereof. This discussion assumes that the Notes are not treated as contingent payment debt instruments.

Payments and Accruals of Stated Interest

Stated interest paid on the Notes generally will be treated as "qualified stated interest". Payments of qualified stated interest on the Notes (including any additional amounts paid in respect of withholding taxes and without reduction for any amounts withheld) generally will be taxable to a U.S. Holder as ordinary interest income at the time it is received or accrued, depending on the U.S. Holder's method of accounting for U.S. federal income tax purposes, as detailed below. The term "qualified stated interest" generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer), or that is treated as constructively received, at least annually at a single fixed rate.

Stated interest paid in euros will be included in a U.S. Holder's gross income in an amount equal to the U.S. dollar value of the euros, including the amount of any withholding tax thereon, regardless of whether the euros are converted into U.S. dollars. Generally, a U.S. Holder that uses the cash method of tax accounting will determine such U.S. dollar value using the spot rate of exchange on the date of receipt. A cash method U.S. Holder generally will not realize foreign currency gain or loss on the receipt of the interest payment but may have foreign currency gain or loss attributable to the actual disposition of the euros received. Generally, a U.S. Holder that uses the accrual method of tax accounting will determine the U.S. dollar value of accrued interest income using the average rate of exchange for the accrual period (or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within each taxable year). Alternatively, an accrual basis U.S. Holder may make an election (which must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS) to translate accrued interest income at the spot rate of exchange on the last day of the accrual period (or the last day of the portion of the accrual period within each taxable year in the case of a partial accrual period) or the spot rate on the date of receipt, if that date is within five business days of the last day of the accrual period. A U.S. Holder that uses the accrual method of accounting for tax purposes will recognize foreign currency gain or loss on the receipt of an interest payment if the exchange rate in effect on the date the payment is received differs from the rate used in translating the accrual of that interest. The amount of foreign currency gain or loss to be recognized by such U.S. Holder will be an amount equal to the difference between the U.S. dollar value of the euro interest payment (determined on the basis of the spot rate on the date the interest income is received) in respect of the accrual period and the U.S. dollar value of the interest income that has accrued during the accrual period (as determined above) regardless of whether the payment is converted to U.S. dollars. This foreign currency gain or loss will be ordinary income or loss and generally will not be treated as an adjustment to interest income or expense. Foreign currency gain or loss generally will be U.S. source provided that the residence of a taxpayer is considered to be the United States for purposes of the rules regarding foreign currency gain or loss.

Interest including original issue discount ("**OID**"), if any, included in a U.S. Holder's gross income with respect to the Notes is treated as foreign source income for U.S. federal income tax purposes. The limitation on non-U.S. taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific "baskets" of income. For this purpose, interest should generally constitute "passive category income", or in the case of certain U.S. Holders, "general category income". Any non-U.S. withholding tax paid by a U.S. Holder at the rate applicable to the U.S. Holder may be eligible for foreign tax credits (or deduction in lieu of such credits) for U.S. federal income tax purposes, subject to applicable limitations. U.S. Holders should consult their own tax advisors regarding the availability of foreign tax credits.

Original Issue Discount

A Note may be treated as issued with OID for U.S. federal income tax purposes. An obligation generally is treated as having been issued with OID for U.S. federal income tax purposes if its "stated redemption price at maturity" exceeds its issue price by at least the "OID de minimis amount". The OID de minimis amount equals ¼ of 1% of the debt instrument's stated redemption price at maturity multiplied by the number of complete years from its issue date to its maturity. The "stated redemption price at maturity" of a Note is the sum of all payments required to be made on the Note other than qualified stated interest payments.

If a Note is issued with OID, a U.S. Holder generally will be required to include OID in income before the receipt of the associated cash payment, regardless of such U.S. Holder's accounting method for tax purposes. The amount of OID a U.S. Holder should include in income is the sum of the "daily portions" of the OID for the Note for each day during the taxable year (or portion of the taxable year) in which the Note is held by such U.S. Holder. The daily portion is determined by allocating a pro rata portion of the OID for each day of the accrual

period. An accrual period may be of any length and the accrual periods may vary in length over the term of the Note, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the first day of an accrual period or on the final day of an accrual period. The amount of OID allocable to an accrual period is equal to the difference between (1) the product of the "adjusted issue price" of the Note at the beginning of the accrual period and its yield to maturity (computed generally on a constant yield method and compounded at the end of each accrual period, taking into account the length of the particular accrual period) and (2) the amount of any qualified stated interest allocable to the accrual period. The "adjusted issue price" of a Note at the beginning of any accrual period is the sum of the issue price of the Note plus the amount of OID allocable to all prior accrual periods reduced by any payments received on the Note that were not qualified stated interest.

Under these rules, a U.S. Holder generally will have to include in income increasingly greater amounts of OID in successive accrual periods. OID allocable to a final accrual period is the difference between the amount payable at maturity (other than a payment of qualified stated interest) and the adjusted issue price at the beginning of the final accrual period. Under the Treasury Regulations, a holder of a Note with OID may elect to include in gross income all interest that accrues on the Note using the constant yield method. Once made with respect to the Note, the election cannot be revoked without the consent of the IRS. A U.S. Holder considering an election under these rules should consult its own tax advisor.

U.S. Holders may obtain information regarding the amount of OID, if any, the issue price, the issue date and yield to maturity by contacting the Chief Financial Officer, Aachener Strasse 746-750, 50933, Cologne, Germany.

Any OID on a Note generally will be determined for any accrual period in euros and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder. Upon receipt of an amount attributable to OID (whether in connection with a sale or disposition of such a Note or otherwise), a U.S. Holder generally will recognize foreign currency gain or loss in an amount determined in the same manner as stated interest received by an accrual basis holder as described above. Holders are urged to consult their own tax advisors regarding the interplay between the application of the OID and foreign currency exchange gain or loss rules. For these purposes, all receipts on a Note will be viewed first, as payments of stated interest payable on the Note; second, as receipts of previously accrued OID (to the extent thereof), with payments considered made for the earlier accrual periods first; and, third, as receipts of principal.

The rules regarding OID are complex. U.S. Holders are urged to consult their own tax advisors regarding the application of these rules to their particular situations.

Possible Effect of Certain Transactions Including Reorganizations, Mergers and Consolidations

The Issuer may engage in certain transactions, including reorganizations, mergers and consolidations as described above under "*Description of the Notes — Post-Closing Reorganizations*" and "*Description of the Notes — Merger and Consolidation*". Depending on the circumstances, a change in the obligor of the Notes as a result of the transaction could result in a deemed taxable exchange to a U.S. Holder and the modified Note could be treated as newly issued at that time, potentially resulting in the recognition of taxable gain or loss.

Sale, Exchange, Retirement or Other Taxable Disposition

A U.S. Holder generally will recognize gain or loss on the sale, exchange, retirement or other taxable disposition of a Note equal to the difference, if any, between the amount realized on such sale, exchange, retirement or other taxable disposition (other than any amount received in respect of accrued and unpaid interest, which will be subject to tax in the manner described above in "*— Payments and Accruals of Stated Interest*" to the extent not previously included in income), and the U.S. Holder's adjusted tax basis in such Note.

A U.S. Holder's adjusted tax basis in a Note generally will be its U.S. dollar cost increased by the amount of any OID previously included in income and decreased by payments other than stated interest made with respect to the Note. If a U.S. Holder purchases a Note with euros, the U.S. dollar cost of the Note generally will be the U.S. dollar value of the purchase price on the date of purchase calculated at the spot rate of exchange on that date. The amount realized upon the disposition of a Note generally will be the U.S. dollar value of the amount received on the date of the disposition calculated at the spot rate of exchange on that date. However, if the Note is traded on an established securities market, a cash basis U.S. Holder (and, if it so elects, an accrual basis U.S. Holder) should determine the U.S. dollar value of the cost of or amount received on the Note, as applicable, by translating the amount paid or received at the spot rate of exchange on the settlement date of the purchase or disposition, as applicable. The election available to accrual basis U.S. Holders in respect of the

purchase and disposition of Notes traded on an established securities market must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS.

Subject to the foreign currency rules discussed below, any gain or loss recognized on the sale, exchange, retirement, or other taxable disposition of a Note will be capital gain or loss, and will be long-term capital gain or loss if the Note has been held for more than one year. Long-term capital gain of a non-corporate U.S. Holder generally is taxed at preferential rates. The ability of a U.S. Holder to offset capital losses against ordinary income is limited. Any gain or loss recognized on the sale, exchange, retirement or other taxable disposition of a Note generally will be treated as gain or loss from sources within the United States.

If the Notes are redeemed pursuant to the special optional redemption in connection with a UPC Exchange Transaction (see "*Description of the Notes*"), a U.S. Holder generally would recognize gain or loss as described in the preceding paragraph.

Gain or loss recognized by a U.S. Holder on the sale, exchange, retirement or other taxable disposition of a Note generally will be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in foreign currency exchange rates during the period in which the U.S. Holder held such Note. Such foreign currency gain or loss will equal the difference between (i) the U.S. dollar value of the U.S. Holder's euro purchase price for the Note calculated at the spot rate of exchange on the date of the sale, exchange, retirement or other taxable disposition and (ii) the U.S. dollar value of the U.S. Holder's euro purchase price for the Note calculated at the spot rate of exchange on the date of purchase of the Note. If the Note is traded on an established securities market, with respect to a cash basis U.S. Holder (and, if it so elects, an accrual basis U.S. Holder), such foreign currency gain or loss will equal the difference between (x) the U.S. dollar value of the U.S. Holder's euro purchase price for the Note calculated at the spot rate of exchange on the settlement date of the disposition and (y) the U.S. dollar value of the U.S. Holder's euro purchase price for the Note calculated at the spot rate of exchange on the settlement date of the purchase of the Note. The realization of any foreign currency gain or loss, including foreign currency gain or loss with respect to amounts attributable to accrued and unpaid stated interest and any OID, is be limited to the amount of overall gain or loss realized on the disposition of the Notes.

Exchange of Amounts in Other than U.S. Dollars

If a U.S. Holder receives euros as interest on a Note or on the sale, exchange, retirement or other taxable disposition of a Note, such U.S. Holder's tax basis in the euros will equal the U.S. dollar value when the euros are received. If a U.S. Holder purchased a Note with previously owned non-U.S. currency, gain or loss on such currency will be recognized in an amount equal to the difference, if any, between the U.S. Holder's tax basis in such currency and the spot rate on the date of purchase. Any such gain or loss generally will be treated as ordinary income or loss from sources within the United States provided that the residence of the U.S. Holder is considered to be the United States for purposes of the rule governing foreign currency transactions.

Reportable Transaction Reporting

Under certain U.S. Treasury Regulations, U.S. Holders that participate in "reportable transactions" (as defined in the regulations) must attach to their U.S. federal income tax returns a disclosure statement on IRS Form 8886. Under the relevant rules, a U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if this loss exceeds the relevant threshold in the regulations. U.S. Holders should consult their own tax advisors as to the possible obligation to file IRS Form 8886 with respect to the ownership or disposition of the Notes, or any related transaction, including without limitation, the disposition of any non-U.S. currency received as interest or as proceeds from the sale, exchange, retirement or other taxable disposition of the Notes.

Additional Notes

The Issuer may issue "Additional Notes" (as defined under "*Description of the Notes — General*"). These Additional Notes, even if they are treated for non-tax purposes as part of the same series as the original Notes, in some cases may not be fungible with the original Notes for U.S. federal income tax purposes, which may affect the market value of the original Notes even if the Additional Notes are not otherwise distinguishable from the original Notes.

U.S. Backup Withholding Tax and Information Reporting

Backup withholding and information reporting requirements may apply to certain payments of principal of, and interest and accruals of OID, if any, on, an obligation and to proceeds of the sale, exchange, retirement or other taxable disposition of an obligation, to certain U.S. Holders. The payor will be required to withhold backup withholding tax on payments made within the United States, or by a U.S. payor or U.S. middleman or certain of their affiliates, on a Note to, or from gross proceeds of the sale or disposition of a Note paid to, a U.S. Holder if the U.S. Holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, the backup withholding requirements.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a holder's U.S. federal income tax liability. A holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for a refund with the IRS and furnishing any required information in a timely manner.

Certain U.S. Holders are required to report information relating to an interest in the Notes, subject to certain exceptions (including an exception for Notes held in custodial accounts maintained by certain financial institutions). U.S. Holders are urged to consult their own tax advisors regarding the effect, if any, of this requirement on their ownership and disposition of the Notes.

FATCA

Legislation referred to as the Foreign Account Tax Compliance Act ("**FATCA**") generally may impose withholding at a rate of 30% on payments made to any foreign entity on debt obligations generating U.S. source interest or certain other debt obligations generating non-U.S. source interest issued by a foreign financial institution that (i) enters into certain agreements with the IRS or (ii) becomes subject to provisions of local law intended to implement an intergovernmental agreement entered into pursuant to FATCA, in each case to the extent such payments are attributable to U.S. source income, unless the foreign entity receiving such payments complies with various U.S. information reporting and/or due diligence requirements (generally relating to ownership by U.S. persons of interests in or accounts with such foreign entity) or otherwise qualifies for an exemption. Withholding on payments on debt obligations issued by foreign financial institutions, including on debt obligations generating non-U.S. source interest, will not occur before 2017. Notwithstanding the foregoing, even if payments on the Notes are paid, or are treated as paid, from a foreign financial institution, including in the event the Issuer is treated as a foreign financial institution, and such payments are treated as "foreign passthru payments," the Notes are grandfathered because no final regulations defining a "foreign passthru payment" have been issued and therefore are not subject to the FATCA rules (including the withholding rules) described above. If, however, the Notes are modified at a time when the grandfathering rules are no longer available (i.e., more than six months after the date final regulations define a "foreign passthru payment"), withholding can apply and holders and beneficial owners of the Notes will not be entitled to receive any additional amounts to compensate them for such withholding. In addition, if Additional Notes are issued after the expiration of the grandfathering period, have the same ISIN as the Notes issued hereby, and are subject to withholding under FATCA, then withholding agents may treat all notes, including the Notes issued hereby, as subject to withholding under FATCA. An intergovernmental agreement between the United States and a foreign country where a holder or intermediary is located may modify the requirements in this paragraph. Holders should consult their tax advisors regarding the possible implications of this legislation on their investment in the Notes.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the acquisition, ownership and disposition of the Notes. Prospective purchasers of the Notes should consult their own tax advisors concerning the tax consequences of their particular situations.

CERTAIN EMPLOYEE BENEFIT PLAN CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), imposes certain fiduciary standards and certain other requirements on employee benefit plans subject to ERISA, including entities such as collective investment funds, certain insurance company separate accounts, certain insurance company general accounts, and entities whose underlying assets are treated as being subject to ERISA (collectively, "**ERISA Plans**"), and on those persons who are fiduciaries with respect to ERISA Plans. Any person who exercises any discretionary authority or control over the administration of an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan under ERISA. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. The prudence of a particular investment should be determined by the fiduciary of an ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of such investment, including, but not limited to, the matters discussed above under "*Risk Factors*" and the fact that in the future there may be no market in which such fiduciary will be able to sell or otherwise dispose of the Notes or any interest therein.

Section 406 of ERISA and Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), prohibit certain transactions involving the assets of an ERISA Plan, as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts and Keogh plans (together with ERISA Plans, "**Plans**"), and certain persons or entities (referred to as "parties in interest" under ERISA or "disqualified persons" under the Code) having certain relationships to Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a non-exempt prohibited transaction (including without limitation, the lending of money or the extension of credit) may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. For example, a Plan holding a Note would be viewed by the U.S. Department of Labor as a continuing extension of credit by the Plan to the Company. In addition, a fiduciary of an ERISA Plan that engages in a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code, including an obligation to correct the transaction.

Governmental plans, certain church plans and certain non-U.S. plans, while not subject to the fiduciary responsibility or prohibited transaction provisions of ERISA or the provisions of Section 4975 of the Code, may nevertheless be subject to U.S. federal, state, local, non-U.S. or other laws or regulations (such as the prohibited transaction rules of Section 503 of the Code) that are substantially similar to the foregoing provisions of ERISA or the Code ("**Similar Laws**").

The purchase of the Notes using the assets of a Plan might be deemed to be a violation of the prohibited transaction rules of Section 406 of ERISA and/or Section 4975 of the Code for which no exemption may be available. Accordingly, the Notes may not be purchased or held by any person investing the assets of any Plan unless such purchase, holding, and, if applicable, dispositions will not constitute a non-exempt prohibited transaction under ERISA or the Code or a violation under any applicable Similar Laws.

EACH ACQUIRER AND EACH TRANSFEREE OF A NOTE OR ANY INTEREST THEREIN WILL BE DEEMED TO REPRESENT, WARRANT AND AGREE AT THE TIME OF ITS ACQUISITION AND THROUGHOUT THE PERIOD THAT IT HOLDS SUCH NOTE OR ANY INTEREST THEREIN THAT (1) EITHER (A) IT IS NOT, AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN, WILL NOT BE ACTING ON BEHALF OF) AN EMPLOYEE BENEFIT PLAN, AS DEFINED IN SECTION 3(3) OF ERISA, THAT IS SUBJECT TO THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, A PLAN TO WHICH SECTION 4975 OF THE CODE APPLIES, OR AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" (WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101 (AS MODIFIED BY SECTION 3(42) OF ERISA)) BY REASON OF A PLAN'S INVESTMENT IN SUCH ENTITY (EACH, A "BENEFIT PLAN INVESTOR") OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY SIMILAR LAWS, AND NO PART OF THE ASSETS TO BE USED BY IT TO ACQUIRE OR HOLD SUCH NOTE OR ANY INTEREST THEREIN CONSTITUTES THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SUCH A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH NOTE OR ANY INTEREST THEREIN DOES NOT AND WILL NOT CONSTITUTE OR OTHERWISE RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH, OR NON-U.S. PLAN, A NON-EXEMPT VIOLATION OF ANY SIMILAR LAWS); AND (2) NEITHER THE ISSUER NOR ANY OF ITS AFFILIATES IS A "FIDUCIARY" (WITHIN

THE MEANING OF SECTION 3(21) OF ERISA OR SECTION 4975 OF THE CODE OR, WITH RESPECT TO A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, ANY DEFINITION OF "FIDUCIARY" UNDER SIMILAR LAWS) WITH RESPECT TO THE PURCHASER OR HOLDER IN CONNECTION WITH ANY PURCHASE OR HOLDING OF THE NOTE, OR AS A RESULT OF ANY EXERCISE BY THE ISSUER OR ANY OF ITS AFFILIATES OF ANY RIGHTS IN CONNECTION WITH THE NOTE, AND NO ADVICE PROVIDED BY THE ISSUER OR ANY OF ITS AFFILIATES HAS FORMED A PRIMARY BASIS FOR ANY INVESTMENT DECISION BY OR ON BEHALF OF THE PURCHASER OR HOLDER IN CONNECTION WITH THE NOTE AND THE TRANSACTIONS CONTEMPLATED WITH RESPECT TO THE NOTE.

THE ISSUER, THE INITIAL PURCHASERS AND THE TRUSTEE, AND THEIR RESPECTIVE AFFILIATES, SHALL BE ENTITLED TO CONCLUSIVELY RELY UPON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATIONS, WARRANTIES AND AGREEMENTS BY ACQUIRERS AND TRANSFEREES OF ANY NOTES WITHOUT FURTHER INQUIRY.

The transfer of any Note or any interest therein to a Plan or a governmental, church or non-U.S. plan that is subject to any Similar Laws is in no respect a representation by the Issuer, the Initial Purchasers or the Trustee, or any of their respective affiliates, that such an investment meets all relevant legal requirements with respect to investments by such plans generally or any particular such plan; that the prohibited transaction exemptions described above, or any other prohibited transaction exemption, would apply to such an investment by such plans in general or any particular such plan; or that such an investment is appropriate for such plans generally or any particular such plan.

The discussion of ERISA and Section 4975 of the Code contained in these Listing Particulars, is, of necessity, general, and does not purport to be complete. Moreover, the provisions of ERISA and Section 4975 of the Code are subject to extensive and continuing administrative and judicial interpretation and review. Therefore, the matters discussed above may be affected by future regulations, rulings and court decisions, some of which may have retroactive application and effect.

Due to the complexity of the rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that any Plan or any employee benefit plan, and any fiduciary thereof, proposing to invest in the Notes or any interest therein consult with its legal advisors regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA, Section 4975 of the Code and any Similar Laws, to such investment, and to confirm that such investment will not constitute or result in a non-exempt prohibited transaction or any other violation of any applicable requirement of ERISA, Section 4975 of the Code or Similar Laws.

PLAN OF DISTRIBUTION

The Issuer and the Initial Purchasers have entered into a purchase agreement dated as of the date of the Offering Memorandum (the "**Purchase Agreement**"), under the terms and conditions of which, the Issuer has agreed to sell to each Initial Purchaser, and, subject to certain conditions contained therein, such Initial Purchasers have agreed to purchase the entire principal amount of the Notes.

The obligations of the Initial Purchasers under the Purchase Agreement, including their agreement to purchase Notes from the Issuer, are several and not joint. The Purchase Agreement provides that the Initial Purchasers are obligated to purchase all of the Notes if any of them are purchased.

The Initial Purchasers initially propose to offer the Notes for resale at the issue price that appears on the cover of these Listing Particulars. After the initial offering, the Initial Purchasers may change the offering price and any other selling terms. The Initial Purchasers may offer and sell Notes through certain of their affiliates.

In the Purchase Agreement, the Issuer and the Guarantors have agreed that:

- subject to certain exceptions, the Issuer and the Guarantors will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the Securities Exchange Commission a registration statement under the U.S. Securities Act relating to any debt securities, which are substantially similar to the Notes offered hereby, issued by the Issuer or a Guarantor having a maturity of more than one year from the date of issue of the Notes, without the prior consent of Credit Suisse Securities (Europe) Limited, for a period of 30 days after the closing date of this offering of Notes; and
- the Issuer and the Guarantors will indemnify the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, or contribute to payments that the Initial Purchasers may be required to make in respect of those liabilities.

United States

Each purchaser of Notes offered in the Offering Memorandum, in making its purchase, is deemed to have made the acknowledgements, representations and agreements as described under "*Transfer Restrictions*" contained therein.

The Notes have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act and to non-U.S. persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act. For a description of certain further restrictions on resale or transfer of the Notes, see "*Transfer Restrictions*".

The Notes may not be offered to the public within any jurisdiction.

United Kingdom

In the Purchase Agreement, each Initial Purchaser has also represented and agreed that:

(i) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and

(ii) it has only communicated or caused to be communicated and it will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantors.

Each Initial Purchaser has also agreed in the Purchase Agreement that it has complied with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes these Listing Particulars, and will subject to certain provisions in the Purchase Agreement, obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force.

These Listing Particulars are directed solely at persons who (i) are outside the United Kingdom or (ii) have professional experience in matters relating to investments or (iii) are persons falling within Article 49(2)(a) to (d) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all

such persons together being referred to as "relevant persons"). These Listing Particulars must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which these Listing Particulars relate is available only to relevant persons and will be engaged in only with relevant persons.

European Economic Area

In relation to each member state of the EEA which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Initial Purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), it has not made and will not make an offer of Notes which are the subject of the offering contemplated by these Listing Particulars to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Initial Purchaser or Initial Purchasers nominated by the Issuer for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes shall require the Issuer or any Initial Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospective Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression "Prospectus Directive" means Directive 2003/71/EC as amended, including by Directive 2010/73/EU and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

General

The Notes are a new issue of securities, and there is currently no established trading market for the Notes. In addition, the Notes are subject to certain restrictions on resale and transfer as described under "*Transfer Restrictions*". The Issuer has applied to list the Notes on the Luxembourg Stock Exchange's Official List and for trading on its Euro MTF Market. The Initial Purchasers have advised the Issuer that they intend to make a market in the Notes, but they are not obligated to do so. The Initial Purchasers may discontinue any market making in the Notes at any time in their sole discretion. In addition, such market making activities will be subject to the limits imposed by the U.S. Securities Act and the U.S. Exchange Act. Accordingly, the Issuer cannot assure you that a liquid trading market will develop for the Notes, that you will be able to sell your Notes at a particular time or that the prices that you receive when you sell will be favorable.

You should be aware that the laws and practices of certain countries require investors to pay stamp taxes and other charges in connection with purchases of securities.

Delivery of the Notes was made against payment on the Notes on the Issue Date, which was ten business days (as such term is used for purposes of Rule 15c6-1 of the U.S. Exchange Act) following the date of pricing of the Notes (this settlement cycle is being referred to as "T + 10"). Under Rule 15c6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in three business days unless the parties to any such trade expressly agree otherwise.

In connection with the offering of the Notes, the Stabilizing Manager may have engaged in overallotment, stabilizing transactions and syndicate covering transactions. Overallotment involves sales in excess of the offering size, which creates a syndicate short position. Stabilizing transactions involve bids to purchase the Notes in the open market for the purpose of pegging, fixing or maintaining the price of the Notes. Syndicate covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions and syndicate covering transactions may have caused the price of the Notes to be higher than it would otherwise be in the absence of those transactions. If the Stabilizing Manager engaged in stabilizing or syndicate covering transactions, they may discontinue them at any time.

From time to time, the Initial Purchasers and their affiliates have provided, and may in the future provide, investment banking, commercial banking, consulting, financial advisory and other services to Liberty Global or members of the Unitymedia Group, including the Issuer, and any of their respective affiliates, for which such Initial Purchasers have received or may receive customary fees and commissions. In addition, certain of the Initial Purchasers or their respective affiliates are lenders under the Super Senior Revolving Credit Facility and the Senior Revolving Credit Facility.

Certain of the Initial Purchasers or their affiliates that have a lending relationship with, and/or own outstanding debt securities of, the Issuer and/or its affiliates have hedged, and are likely to hedge in the future, their credit exposure to the Issuer and/or its affiliates consistent with their risk management policies. Typically, these Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes offered hereby. In addition, certain of the Initial Purchasers or their affiliates provide us, from time to time, with hedging services, and may act as counterparties to certain hedging agreements entered into by the Issuer and/or its affiliates and such parties will receive customary fees and commissions for their services in such capacities.

Certain of the Initial Purchasers are not broker-dealers registered with the SEC, and therefore may not make sales of any Notes in the United States or to U.S. persons except in compliance with applicable U.S. laws and regulations. To the extent that any such Initial Purchaser intends to effect sales of the Notes in the United States, it will do so only through one or more affiliated U.S. registered broker dealers, or otherwise as permitted by applicable U.S. law.

LEGAL MATTERS

Certain legal matters in connection with this offering will be passed upon for us by Ropes & Gray International LLP, London, England as to matters of United States federal, New York and English law, and by Freshfields Bruckhaus Deringer LLP, Germany, as to matters of German law. Certain legal matters in connection with this offering will be passed upon for the Initial Purchasers by Latham & Watkins (London) LLP, London, England, as to matters of United States federal and New York law and by Latham & Watkins LLP, Germany, as to matters of German law.

ENFORCEMENT OF JUDGMENTS

We have been advised by our German counsel, Freshfields Bruckhaus Deringer LLP, that there is doubt as to the enforceability in Germany of civil liabilities based on the securities laws of the United States, either in an original action or in an action to enforce a judgment obtained in U.S. courts. The United States and Germany currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters.

Under applicable legal rules, a final judgment for payment given by any court in the United States, whether or not predicated solely upon U.S. securities laws, will not be directly enforceable in Germany per se. However, under current practice, a final and conclusive judgment by a U.S. court for a definite sum of money may be recognized and thereby given binding effect within the territory of Germany, unless the German court finds that, inter alia, the recognition of the U.S. judgment leads to a result manifestly irreconcilable with material principles of German law or that proper legal procedures have not been observed.

German courts usually deny the recognition and enforcement of punitive damages. Moreover, a German court may reduce the amount of damages granted by a U.S. court and recognize damages only to the extent that they are necessary to compensate actual losses or damages.

The recognition and enforcement of a final and conclusive U.S. judgment for a definite sum of money by a German court is conditional upon a number of factors, including the following:

- U.S. courts could take jurisdiction of the case in accordance with the principles on jurisdictional competence according to German law;
- the document introducing the proceedings was duly made known to the defendant in a timely manner that allowed for adequate defense;
- the judgment does not conflict with (i) any prior judgment rendered by a German court and (ii) any prior judgment rendered by another foreign court which is to be recognized in Germany, and (iii) the proceedings leading to such judgment are not inconsistent with the previously initiated proceedings on the same subject matter in a German court;
- the effects of its recognition will not be in conflict with material principles of German law, including without limitation, fundamental rights under the constitution of Germany (*Grundrechte*). In this context, it should be noted that any component of a U.S. federal or state court civil judgment awarding punitive damages or any other damages which do not serve a compensatory purpose, such as treble damages, will usually not be enforced in Germany. They may be regarded to be in conflict with material principles of German law;
- the reciprocity of enforcement of judgments is guaranteed; and
- the judgment became *res judicata* in accordance with the law of the place where it was rendered.

Furthermore, enforcement and foreclosure based on U.S. judgments may be sought against German defendants after having received an enforcement decision from a competent German court in accordance with the above principles. Subject to the foregoing, investors may be able to enforce judgments in Germany in civil and commercial matters obtained from U.S. federal or state courts. However, we cannot assure you that those judgments will be enforceable. In particular, the obligations need to be of a specific kind and type for which an enforcement procedure exists under German law. Enforcement is also subject to the effect of any applicable bankruptcy, insolvency, reorganization, liquidation, moratorium as well as other similar laws affecting creditor's rights generally.

In addition, German civil procedure differs substantially from U.S. civil procedure in a number of respects. Insofar as the production of evidence is concerned, U.S. law and the laws of several other jurisdictions based on common law provide for pre-trial discovery, a process by which parties to the proceedings may prior to trial compel the production of documents by adverse or third parties and the deposition of witnesses. Evidence obtained in this manner may be decisive in the outcome of any proceeding. Because no such pre-trial discovery process exists under German law, a risk remains, that a German court may not enforce a U.S. judgment based on such evidence.

If the party in whose favor such final judgment is rendered brings a new suit in a competent court in Germany, such party may submit to the German court the final judgment rendered in the United States. Under such circumstances, a judgment by a federal or state court of the United States against the Company or such persons will be regarded by a German court only as evidence of the outcome of the dispute to which such

judgment relates. A German court may choose to re-hear the dispute and may render a judgment not in line with the judgment rendered by a federal or state court of the United States.

INDEPENDENT AUDITORS

The statutory auditors of Unitymedia KabelBW GmbH are KPMG AG Wirtschaftsprüfungsgesellschaft, Tersteegenstr. 19-31, 40474 Düsseldorf, Germany, independent auditors ("**KPMG**"). The consolidated financial statements of Unitymedia KabelBW GmbH and its subsidiaries as of and for the financial years ended December 31, 2013, 2012 and 2011 included in these Listing Particulars have been audited by KPMG, as stated in their reports appearing herein.

LISTING AND GENERAL INFORMATION

Application to Trading and Listing

Application has been made for the Notes to be admitted to trading on the Euro MTF Market and to listing on the Official List of the Luxembourg Stock Exchange, in accordance with the rules and regulations of such exchange.

Listing Information

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are admitted to trading on the Euro MTF Market and the rules and regulations of the Luxembourg Stock Exchange require, copies of the following documents may be inspected and obtained free of charge at the specified office of the Luxembourg listing agent during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted):

(1) the organizational documents of the Issuer and the Guarantors;

(2) the financial statements included in these Listing Particulars;

(3) the Indenture;

(4) the Intercreditor Agreements; and

(5) the documents granting the Collateral.

Copies of the annual and quarterly reports required to be delivered under the covenant described under "*Description of the Notes — Certain Covenants — Reports*" will be available free of charge at the offices of the Paying Agent.

The Issuer has appointed The Bank of New York Mellon (Luxembourg) S.A. as Luxembourg listing agent and registrar with respect to the Notes. The Issuer reserves the right to vary such appointment in accordance with the terms of the indenture governing to the Notes.

Pursuant to Part 1, point 703 of the Rules and Regulations of the Luxembourg Stock Exchange, the Notes are freely transferable on the Luxembourg Stock Exchange and therefore, no transaction involving the Notes made on the Luxembourg Stock Exchange may be cancelled.

The Issuer accepts responsibility for the information contained in these Listing Particulars. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in these Listing Particulars is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. These Listing Particulars constitutes a prospectus for the purpose of the Luxembourg law dated July 10, 2005 on Prospectuses for Securities, as amended.

Credit Suisse Securities (Europe) Limited, a book-running manager for the offering of the Notes, offices are located at One Cabot Square, London E14 4QJ, United Kingdom.

Clearing Information

The Notes sold pursuant to Regulation S and Rule 144A have been accepted for clearance through the facilities of Euroclear and Clearstream under common codes 119943817 and 119943914, respectively. The international securities identification number (the "**ISIN Number**") for the Notes sold pursuant to Regulation S is XS1199438174 and the ISIN Number for the Notes sold pursuant to Rule 144A is XS1199439149.

Legal Information

Issuer

Unitymedia KabelBW GmbH (formerly known as Unitymedia GmbH) is a limited liability company (*Gesellschaft mit beschränkter Haftung*) and was incorporated under the laws of Germany on October 15, 2009, 2000, for the purposes of operating in the telecommunications business. The principal office of Unitymedia KabelBW GmbH is Aachener Strasse 746-750, 50933, Cologne, Germany, telephone number +49 221 377920. Unitymedia KabelBW GmbH is registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Cologne under number HRB 68501. Unitymedia KabelBW GmbH has an issued share capital of €25,000 in the form of one ordinary share. Pursuant to Article 2 of Unitymedia KabelBW GmbH's articles of

incorporation, the corporate purpose of Unitymedia KabelBW GmbH is the holding of participations in companies including all auxiliary and ancillary transactions which are necessary or expedient for such purposes.

Unitymedia KabelBW GmbH has obtained all necessary consents, approvals and authorizations in the jurisdiction of its incorporation in connection with the issuance and performance of the Notes. The creation and issuance of the Notes was authorized by Unitymedia KabelBW GmbH's sole shareholder on February 27, 2015.

Guarantors

The Guarantors have the following corporate information:

Unitymedia Management GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) and was incorporated under the laws of Germany on October 24, 2002, for the purposes of operating in the telecommunications business. The principal office of Unitymedia Management GmbH is Aachener Strasse 746-750, 50933, Cologne, Germany, telephone number +49 221 377920. Unitymedia Management GmbH is registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Cologne under number HRB 57277.

Unitymedia Hessen Verwaltung GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) and was incorporated under the laws of Germany on February 1, 2000, for the purposes of operating in the telecommunications business. The principal office of Unitymedia Hessen Verwaltung GmbH is Aachener Strasse 746-750, 50933, Cologne, Germany, telephone number +49 221 377920. Unitymedia Hessen Verwaltung GmbH is registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Cologne under number HRB 58137.

UPC Germany NewCo GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) and was originally incorporated under the laws of Germany on February 17, 2012, for the purposes of operating in the telecommunications business. The principal office of UPC Germany NewCo GmbH is Aachener Strasse 746-750, 50933 Cologne, Germany, telephone number +49 221 377920. UPC Germany NewCo GmbH is registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Cologne under HRB 80330.

Kabel BW GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) and was incorporated under the laws of Germany on January 27, 2006, for the purposes of operating in the telecommunications business. The principal office of Kabel BW GmbH is Aachener Strasse 746-750, 50933 Cologne, Germany, telephone number +49 221 377920. KabelBW GmbH is registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Cologne under HRB 83533.

Unitymedia Hessen GmbH & Co. KG is a German limited partnership established under the laws of Germany on April 18, 2000, for the purposes of operating in the telecommunications business. The principal office of Unitymedia Hessen GmbH & Co. KG is Aachener 239 Strasse 746-750, 50933, Cologne, Germany, telephone number +49 221 377920. Unitymedia Hessen GmbH & Co. KG is registered with the commercial register *Handelsregister*) of the local court (*Amtsgericht*) of Cologne under number HRA 24116.

Unitymedia NRW GmbH is a German limited liability company (*Gesellschaft mit beschränkter Haftung*) and was incorporated under the laws of Germany on October 26, 2000, for the purposes of operating in the telecommunications business. The principal office of Unitymedia NRW GmbH is Aachener Strasse 746-750, 50933, Cologne, Germany, telephone number +49 221 377920. Unitymedia NRW GmbH is registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Cologne under number HRB 55984.

General

Except as disclosed in these Listing Particulars:

- there has been no material adverse change in our consolidated financial position since September 30, 2014; and
- neither we, nor any of our direct or indirect subsidiaries has been involved in any litigation, administrative proceeding or arbitration relating to claims or amounts which are material in the context of the issuance of the Notes except as otherwise disclosed in these Listing Particulars, and, so far as we are aware, no such litigation, administrative proceeding or arbitration is pending or threatened.

The language of these Listing Particulars is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable laws.

GLOSSARY

ADSL or ADSL2+	An asymmetric digital subscriber line is a system for high-speed data transmission over existing telephone cables. In the ADSL system, the telephone cable is effectively divided into three bands: the downstream band from the service provider to the end customer; the upstream band from the end customer to the service provider; and a voice band through which (using a splitter) telephone calls (analog or via ISDN) can be made. ADSL2+ extends the capacity of the underlying ADSL system by further utilizing the frequency spectrum and extending transfer speeds for the downstream band to up to 25 Mbps.
Analog	Comes from the word "analogous", which means "similar to" in telephone transmission, the signal being transmitted (voice, video or image) is "analogous" to the original signal.
Backbone	A backbone refers to the principal data routes between large, interconnected networks or within a large operator's network.
Bandwidth	The transmission capacity of a communication line or transmission link at any given time. The bandwidth is generally indicated in bits per second or amount of spectrum available in MHz.
Broadband	A signaling method that includes a relatively wide range of frequencies, that can be divided into channels or frequency "bins", and by which various data components are sent at the same time in order to increase the rate of transmission. The wider the bandwidth, the more information it can carry within a certain period of time.
Bundle/bundling	Bundling is a marketing strategy that involves offering several products for sale as one combined product.
Digital	The use of a binary code to represent information in telecommunications recording and computing. Analog signals, such as voice or music, are encoded digitally by sampling the voice or music analog signals many times a second and assigning a number to each sample. Recording or transmitting information digitally has two major benefits: First, digital signals can be reproduced more precisely so digital transmission is "cleaner" than analog transmission and the electronic circuitry necessary to handle digital is becoming cheaper and more powerful; and second, digital signals require less transmission capacity than analog signals.
DSL	Digital Subscriber Line is a generic name for a range of digital technologies relating to the transmission of internet and data signals from the telecommunications service provider's central office to the end customer's premises over the standard copper wire used for voice services.
DVB-T	Digital terrestrial video broadcast, or digital broadcasting of television signals over terrestrial antennas and other earthbound circuits without any use of satellite.
DVR	Digital video recorder is a device that allows end users to digitally record television programming for later playback.
EuroDOCSIS	Data Over Cable Service Interface Specification (DOCSIS) is an international standard that defines the communications and operation support interface requirements for a data over cable system. It permits the addition of high-speed data transfer to an existing cable TV system. Cable companies use the EuroDOCSIS

	standard to improve speeds they can offer. The EuroDOCSIS 3.0 broadband technology allows speed levels of 200 Mbps and beyond.
Fiber-to-the building (FTTB)/ Fiber-to-the-home (FTTH)	Network architecture that uses optical fiber to reach the end user's street or home in order to deliver broadband internet services.
Free-to-air	Transmission of content for which television viewers are not required to pay a fee for receiving transmissions.
Headend	A master facility for receiving television signals for processing and distribution over a cable television system.
Housing associations	Public property investors, public property owners, property management firms and financial investors who own or manage multi-dwelling units.
HDTV or HD	High definition television.
IP	Internet Protocol is a protocol used for communicating data across a packet-switched network. It is used for transmitting data over the internet and other similar networks. The data is broken down into data packets, each data packet is assigned an individual address, then the data packets are transmitted independently and finally reassembled at the destination.
IPTV	Internet Protocol Television is the transmission of television content using IP over a network infrastructure, such as a broadband connection.
Local loop infrastructure	The local loop is the physical link between the first demarcation point of the customer's premises and the delivery point into the network of the provider renting the local loop. The local loop is referred to as the "last mile".
Mbps	Megabits per second; a unit of data transfer rate equal to 1,000,000 bits per second. The bandwidths of broadband networks are often indicated in Mb/s.
MDU	Multiple Dwelling Unit.
MHz	Megahertz (or one million hertz) is the basic measure of frequency and represents one million cycles per second.
MMA	Our wholesale Multimedia Anschluss or "MMA" offer is a service tailored for housing associations to purchase bulk internet access at 1 Mbps to enable their properties with internet access. MMA-equipped apartments can upgrade to any of our digital television, broadband and flat rate telephony services.
Network coverage area	The area considered by our management to contain homes passed.
Over-the-top (OTT)	Over-the-top video content providers, which deliver television signals as a video stream on top of third parties' broadband internet access services.
Professional Operators	Third parties that operate and administer the in-building network on behalf of housing associations (also referred to as Level 4 Operators).
RGU	Revenue Generating Unit.
SD	Standard definition.
Smart card	A smart card is any pocket-sized card with embedded integrated circuits which can process data and provide identification and authentication for digital services.

Triple-play	Offering of digital television, broadband internet and telephony services packaged in a bundle.
Unbundled local loop	The twisted-pair connection between the local exchange and the home.
Upgraded portion	The portion of our network coverage area that has been upgraded to a bi-directional standard with an 862 MHz capacity. In order to calculate the percentage of our network that has been upgraded we divide the number of homes passed by the upgraded portion of the network by the total number of homes passed.
VoD	Video-on-Demand is the transmission of digital video data on demand, by either streaming data or allowing data to be downloaded. The data is transmitted to the end customer via a broadband connection.
VDSL	Very high bit rate DSL, a DSL technology that provides a faster data transfer rate than asymmetric digital subscriber line (ADSL) and ADSL2+ technologies. In most occasions VDSL2 technology is used, which extends the capacity of the underlying VDSL system by further utilizing the frequency spectrum and extending transfer speeds for the downstream band to up to 50 Mbps.
Vectoring	Also known as VDSL2 vectoring, a transmission method that employs the coordination of line signals for reduction of crosstalk levels and improvement of performance, extending transfer speeds for the downstream band to up to 100 Mbps.
VoIP	Voice over IP or the transmission of voice calls via Internet Protocol.

INDEX TO FINANCIAL INFORMATION

The following English-language consolidated financial statements are translations of the German-language consolidated financial statements.

	Page Number
Consolidated financial statements of Unitymedia KabelBW GmbH as of and for the nine month interim period ended September 30, 2014	
Condensed Consolidated Balance Sheets as of September 30, 2014 and December 31, 2013 (unaudited)	F-2
Condensed Consolidated Statements of Operations for the Three and Nine Months Ended September 30, 2014 and 2013 (unaudited)	F-4
Condensed Consolidated Statements of Changes in Shareholder's Equity for the Nine Months Ended September 30, 2014 and 2013 (unaudited)	F-5
Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2014 and 2013	F-6
Notes to Consolidated Financial Statements (unaudited)	F-7
Consolidated financial statements of Unitymedia GmbH as of and for the financial year ended December 31, 2013	
Independent Auditor's Report	F-24
Consolidated Balance Sheets	F-25
Consolidated Statements of Operations	F-27
Consolidated Statements of Changes in Shareholder's Equity (Deficit)	F-29
Consolidated Statements of Cash Flows	F-30
Notes to Consolidated Financial Statements	F-31
Consolidated financial statements of Unitymedia GmbH as of and for the financial year ended December 31, 2012	
Independent Auditor's Report	F-72
Consolidated Balance Sheets	F-73
Consolidated Statements of Operations	F-75
Consolidated Statements of Changes in Shareholder's Deficit	F-76
Consolidated Statements of Cash Flows	F-77
Notes to Consolidated Financial Statements	F-78
Consolidated financial statements of Unitymedia GmbH as of and for the financial year ended December 31, 2011	
Independent Auditor's Report	F-121
Consolidated Balance Sheets	F-122
Consolidated Statements of Operations	F-124
Consolidated Statements of Changes in Shareholder's Deficit	F-125
Consolidated Statements of Cash Flows	F-126
Notes to Consolidated Financial Statements	F-127

UNITYMEDIA KABELBW GMBH

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited)

	September 30, 2014	December 31, 2013
	in millions	
ASSETS		
Current assets:		
Cash and cash equivalents	€ 13.3	€ 13.6
Trade receivables and unbilled revenue, net	99.7	107.1
Loan receivable — related-party (note 9)	700.8	413.2
Other current assets (notes 4 and 9)	29.8	28.2
Total current assets	843.6	562.1
Property and equipment, net (note 6)	3,332.6	3,403.7
Goodwill	2,841.7	2,841.7
Intangible assets subject to amortization, net (note 6)	870.3	971.9
Investment in associate (note 9)	62.5	61.1
Other noncurrent assets (notes 4 and 9)	106.5	62.2
Total noncurrent assets	7,213.6	7,340.6
Total assets	€ 8,057.2	€ 7,902.7

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

UNITYMEDIA KABELBW GMBH

CONDENSED CONSOLIDATED BALANCE SHEETS (Continued)

(unaudited)

	September 30, 2014	December 31, 2013
	in millions	
LIABILITIES AND SHAREHOLDER'S EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	€ 57.7	€ 64.8
Accrued liabilities	173.5	173.3
Accounts payable and accrued liabilities — related-party (note 9)	66.6	45.5
Corporate income taxes payable	41.9	25.8
Current provisions	15.1	23.5
Deferred revenue and advance payments from subscribers and others	123.4	100.0
Current portion of debt and finance lease obligations (note 7)	155.2	139.5
Other current liabilities (note 4)	16.1	27.8
Total current liabilities	649.5	600.2
Noncurrent debt and finance lease obligations (note 7):		
Third-party	5,606.6	5,506.4
Related-party	1,332.8	1,219.5
Deferred tax liabilities	489.8	495.9
Noncurrent provisions	28.4	25.8
Other noncurrent liabilities (note 4)	19.2	38.4
Total noncurrent liabilities	7,476.8	7,286.0
Total liabilities	8,126.3	7,886.2
Commitments and contingencies (note 10)		
Shareholder's equity (deficit):		
Share capital	—	—
Additional paid-in capital	940.8	940.7
Accumulated deficit	(1,006.4)	(920.7)
Accumulated other comprehensive loss, net of taxes	(3.5)	(3.5)
Total shareholder's equity (deficit)	(69.1)	16.5
Total liabilities and shareholder's equity (deficit)	€ 8,057.2	€ 7,902.7

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

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
	in millions			
Revenue (note 3)	€ 509.5	€ 484.6	€ 1,521.8	€ 1,433.2
Operating costs and expenses:				
Operating (other than depreciation and amortization) (OpEx) (note 9)	135.2	137.5	404.4	416.9
Selling, general and administrative (other than depreciation and amortization) (including share-based compensation) (SG&A) (note 9)	56.0	52.0	172.1	166.4
Impairment, restructuring and other operating items, net	(3.7)	4.8	(1.1)	8.5
Related-party fees and allocations (note 9)	31.0	17.8	79.9	54.2
	218.5	212.1	655.3	646.0
Earnings before interest, taxes, depreciation and amortization (EBITDA)	291.0	272.5	866.5	787.2
Depreciation and amortization	178.6	173.4	532.7	502.2
Earnings before interest and taxes (EBIT)	112.4	99.1	333.8	285.0
Financial and other income (expense):				
Interest expense:				
Third-party	(100.3)	(101.2)	(300.7)	(302.2)
Related-party (note 9)	(30.0)	(26.8)	(88.6)	(94.2)
Foreign currency transaction gains (losses), net	(90.3)	43.8	(97.9)	27.1
Realized and unrealized gains (losses) on derivative instruments, net (note 4)	77.2	(42.3)	68.9	(42.2)
Losses on debt extinguishment	—	—	—	(52.6)
Other income, net (note 9)	4.4	1.6	12.1	8.0
Net financial and other expense	(139.0)	(124.9)	(406.2)	(456.1)
Loss before income taxes	(26.6)	(25.8)	(72.4)	(171.1)
Income tax expense (note 8)	(8.5)	(2.0)	(13.3)	(51.0)
Net loss / comprehensive loss[(a)]	€ (35.1)	€ (27.8)	€ (85.7)	€ (222.1)
Further details of OpEx and SG&A:				
Network operating costs	€ 46.9	€ 46.8	€ 136.6	€ 133.0
Direct costs (programming and copyright, interconnect and other)	44.4	46.4	131.3	141.2
Staff-related costs (excluding restructuring charges)	36.9	34.5	115.0	116.3
Sales and marketing costs	23.1	24.5	72.0	74.2
Outsourced labor and professional services	17.7	15.4	53.1	49.2
Other indirect costs	22.2	21.9	68.5	69.4
	€ 191.2	€ 189.5	€ 576.5	€ 583.3
Further details of impairment, restructuring and other operating items, net:				
Restructuring charges	€ 3.3	€ 3.8	€ 6.7	€ 8.0
Gains on disposal of assets	(0.3)	(0.4)	(1.7)	(0.9)
Direct acquisition costs and acquisition-related items	(6.7)	1.4	(6.1)	1.4
	€ (3.7)	€ 4.8	€ (1.1)	€ 8.5

(a) There were no items of comprehensive earnings or loss in the current or prior year periods other than the net losses for the periods and, accordingly, no statements of comprehensive earnings or loss are presented.

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

UNITYMEDIA KABELBW GMBH

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY (DEFICIT)

(unaudited)

	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss, net of taxes	Total shareholder's equity (deficit)
		in millions		
Balance at January 1, 2013	€ 941.4	€ (635.0)	€ (3.3)	€ 303.1
Net loss	—	(222.1)	—	(222.1)
Share-based compensation (note 9)	1.3	—	—	1.3
Balance at September 30, 2013	€ 942.7	€ (857.1)	€ (3.3)	€ 82.3
Balance at January 1, 2014	€ 940.7	€ (920.7)	€ (3.5)	€ 16.5
Net loss	—	(85.7)	—	(85.7)
Share-based compensation (note 9)	1.9	—	—	1.9
Capital charge in connection with the exercise of Liberty Global share-based incentive awards (note 9)	(1.8)	—	—	(1.8)
Balance at September 30, 2014	€ 940.8	€ (1,006.4)	€ (3.5)	€ (69.1)

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

UNITYMEDIA KABELBW GMBH

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

	Nine months ended September 30,	
	2014	2013
	in millions	
Cash flows from operating activities:		
Net loss	€ (85.7)	€ (222.1)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Share-based compensation expense	1.9	1.3
Impairment, restructuring and other operating items, net	(1.1)	8.5
Related-party fees and allocations	79.9	54.2
Depreciation and amortization	532.7	502.2
Amortization of deferred financing costs and non-cash interest accretion	4.1	6.0
Non-cash related-party interest expense	88.6	94.2
Foreign currency transaction losses (gains), net	97.9	(27.1)
Realized and unrealized losses (gains) on derivative instruments, net	(68.9)	42.2
Losses on debt extinguishment	—	52.6
Deferred tax expense (benefit)	(6.2)	43.5
Changes in operating assets and liabilities	(11.9)	(30.2)
Net cash provided by operating activities	631.3	525.3
Cash flows from investing activities:		
Capital expenditures	(313.2)	(311.8)
Advances to parent, net	(277.7)	(92.9)
Other investing activities	8.2	1.7
Net cash used by investing activities	(582.7)	(403.0)
Cash flows from financing activities:		
Repayments of third-party debt and finance lease obligations	(112.1)	(479.5)
Borrowings of third-party debt	80.0	850.0
Net repayments of related-party debt	(11.8)	(357.8)
Payment of financing costs and debt premiums	(4.6)	(46.6)
Other financing activities	(0.4)	(0.6)
Net cash used by financing activities	(48.9)	(34.5)
Net increase (decrease) in cash and cash equivalents	(0.3)	87.8
Cash and cash equivalents:		
Beginning of period	13.6	20.2
End of period	€ 13.3	€ 108.0
The following amounts are included in net cash provided by operating activities:		
Cash paid for interest (excluding payments related to derivative instruments)	€ 324.7	€ 279.8
Net cash paid (refunded) for taxes	€ 5.2	€ (1.5)

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

(1) Basis of Presentation

Unitymedia KabelBW GmbH (Unitymedia KabelBW) is a wholly-owned subsidiary of UPC Germany Holding B.V. (UPC Germany), which in turn is an indirect subsidiary of Liberty Global plc (Liberty Global), the successor to Liberty Global, Inc. Unitymedia KabelBW was formed in October 2009 in contemplation of the issuance of debt financing in connection with Unitymedia KabelBW's then potential acquisition of the entity that owned the largest cable operator in the German federal states of North Rhine-Westphalia and Hesse. In the following text, the terms "Unitymedia KabelBW," "we," "our," "our company" and "us" may refer, as the context requires, to Unitymedia KabelBW, or collectively to Unitymedia KabelBW and its subsidiaries.

Unitymedia KabelBW, which operates in the German federal states of North Rhine-Westphalia, Hesse and Baden-Württemberg, provides video, broadband internet, fixed-line telephony and mobile services to its residential and business customers.

Our unaudited condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 and do not include all of the information required by International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) (EU-IFRS) for full annual 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 our consolidated financial statements and notes thereto included in our 2013 annual report, which include a description of the significant accounting policies followed in these financial statements.

The preparation of financial statements in conformity with EU-IFRS 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, deferred income taxes and the related recognition of deferred tax assets, 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.

The Unitymedia KabelBW Notes, as defined and described in note 7, are listed on the Official List of the Luxembourg Stock Exchange and are admitted to trading on the Euro MTF Market, which is not a regulated market (as defined by Article 1(13) of Directive 93/22/EEC).

Our functional currency is the euro. Unless otherwise indicated, convenience translations into euros are calculated as of September 30, 2014.

Certain prior period amounts have been reclassified to conform to the current period presentation.

These condensed consolidated financial statements were submitted to our supervisory board and approved for publication by the Managing Directors on November 18, 2014.

(2) Accounting Changes and Recent Pronouncements

First-time Application of Accounting Standards

The application of the following accounting standards did not have any impact on our condensed consolidated financial statements:

Standard/ Interpretation	Title	Applicable for fiscal years beginning on or after	Date of endorsement by the EU
IFRS 10	Consolidated Financial Statements	January 1, 2014	December 11, 2012
IFRS 10 / IFRS11 / IFRS 12 (amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities — Transition Guidance	January 1, 2014	April 4, 2013
IAS 32 (amendments)	Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities	January 1, 2014	December 13, 2012
IAS 36 (amendments)	Recoverable Amount Disclosures for Non-Financial Assets	January 1, 2014	December 19, 2013
IAS 39 (amendments)	Novation of Derivatives and Continuation of Hedge Accounting	January 1, 2014	December 19, 2013

New Accounting Standards, Not Yet Effective

Except for the following accounting standards that are relevant for our Company, there were no additional standards and interpretations either issued by the International Accounting Standards Board (IASB) or endorsed by the EU but are not yet effective for the current reporting period which we see as relevant for our Company. We have not early adopted the accounting standards that are relevant for us.

Standard/ Interpretation	Title	Applicable for fiscal years beginning on or after	Date of endorsement by the EU
IFRS 9	Financial Instruments	January 1, 2018[(a)]	Not yet endorsed
IFRS 15	Revenue from Contracts with Customers	January 1, 2017[(b)]	Not yet endorsed
IAS 16 / IAS 38 (amendments)	Clarification of Acceptable Methods of Depreciation and Amortization	January 1, 2016[(a)]	Not yet endorsed
IAS 19 (amendments)	Defined benefit plans: Employee contributions	July 1, 2014[(a)]	Not yet endorsed

(a) We have not fully evaluated the impact of applying these new, but not yet effective, accounting standards on our consolidated financial statements, however, we currently do not expect the impact of the adoption of these standards to be material.

(b) In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, 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. IFRS 15 will replace existing revenue recognition guidance when it becomes effective on January 1, 2017. We are currently evaluating the effect that IFRS 15 will have on our consolidated financial statements and related disclosures. We have not yet selected a transition method nor have we determined the effect of the standard on our ongoing financial reporting.

(3) Segment Reporting

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

Our revenue by major category is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
	in millions			
Subscription revenue[a]:				
Video	€ 241.4	€ 242.1	€ 725.3	€ 726.8
Broadband internet	113.3	94.6	327.5	265.2
Fixed-line telephony	106.1	97.5	311.5	292.8
Cable subscription revenue	460.8	434.2	1,364.3	1,284.8
Mobile subscription revenue[b]	4.3	3.9	13.3	10.8
Total subscription revenue	465.1	438.1	1,377.6	1,295.6
Non-subscription revenue[b][c]	44.4	46.5	144.2	137.6
Total revenue	€ 509.5	€ 484.6	€ 1,521.8	€ 1,433.2

(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 €0.4 million and €0.3 million during the three months ended September 30, 2014 and 2013, respectively, and €1.0 million and €0.8 million during the nine months ended September 30, 2014 and 2013, respectively. Mobile interconnect revenue is included in non-subscription revenue.

(c) Non-subscription revenue includes carriage fee, installation and interconnect revenue. In addition, non-subscription revenue includes business-to-business (B2B) revenue from business broadband internet, video, voice, wireless and data services offered to medium to large enterprises and, on a wholesale basis, to other operators. We also provide services to certain small office and home office (SOHO) subscribers. SOHO subscribers pay a premium price to receive enhanced service levels along with video, broadband internet, fixed-line telephony or mobile services that are similar to the mass marketed products offered to our residential subscribers. Revenue from SOHO subscribers, which aggregated €5.2 million and €3.1 million during the three months ended September 30, 2014 and 2013, respectively, and €14.1 million and €7.9 million during the nine months ended September 30, 2014 and 2013, respectively, is included in cable subscription revenue.

(4) 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, as applicable, and (ii) foreign currency movements, particularly 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 foreign currency exposure with respect to the United States (U.S.) dollar. Hedge accounting is not applied to our cross-currency swaps.

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

	September 30, 2014			December 31, 2013		
	Current[a]	Noncurrent[a]	Total	Current[a]	Noncurrent[a]	Total
	in millions					
Assets:						
Cross-currency derivative contracts[b]	€ 6.5	€ 48.0	€ 54.5	€ 1.7	€ 3.2	€ 4.9
Liabilities:						
Cross-currency derivative contracts[b]	€ —	€ 9.1	€ 9.1	€ 1.3	€ 25.4	€ 26.7

(a) Our current derivative assets and liabilities are included in other current assets and other current liabilities, respectively, and our noncurrent derivative assets and liabilities are included in other noncurrent assets and other noncurrent liabilities, respectively, in our condensed consolidated balance sheets.

(b) We consider credit risk in our fair value assessments. As of September 30, 2014 and December 31, 2013, (i) the fair values of our cross-currency derivative contracts that represented assets have been increased (decreased) by credit risk valuation adjustments aggregating (€1.7 million) and €0.1 million, respectively, and (ii) the fair values of our cross-currency derivative contracts that represented liabilities have been reduced by credit risk valuation adjustments aggregating €1.5 million and €3.7 million, respectively. The adjustments to our derivative assets relate to 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. The changes in the credit risk valuation adjustments associated with our cross-currency derivative contracts resulted in net gains (losses) of (€3.2 million) and €4.1 million during the three months ended September 30, 2014 and 2013, respectively, and (€4.0 million) and €4.4 million during the nine months ended September 30, 2014 and 2013, respectively. These amounts are included in realized and unrealized gains (losses) on derivative instruments, net, in our condensed consolidated statements of operations. For further information concerning our fair value measurements, see note 5.

Our realized and unrealized gains (losses) on derivative instruments, net, were €77.2 million and (€42.3 million) during the three months ended September 30, 2014 and 2013, respectively, and €68.9 million and (€42.2 million) during the nine months ended September 30, 2014 and 2013, respectively. These gains (losses) relate entirely to our cross-currency swap contracts.

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 received or paid upon termination that relates to future periods is classified as a financing activity. Our cash inflows related to derivative instruments during the nine months ended September 30, 2014 and 2013 were €1.7 million and €2.2 million, respectively, and are classified as operating activities in our condensed consolidated statements of cash flows.

The terms of our outstanding cross-currency swap contracts at September 30, 2014 are as follows:

Final maturity date[a]	Notional amount due from counterparty	Notional amount due to counterparty	Interest rate due from counterparty	Interest rate due to counterparty
	in millions			
January 2021	$ 797.1	€ 546.5	5.50%	5.60%
March 2019	$ 459.3	€ 326.5	7.50%	7.98%
January 2023	$ 202.9	€ 141.7	5.50%	5.33%

(a) The notional amount of multiple derivative instruments that mature within the same calendar month are shown in the aggregate and interest rates are presented on a weighted average basis.

(5) Fair Value Measurements

Our derivative instruments are the only financial instruments that are accounted for at fair value as of September 30, 2014. The reported fair values of our derivative instruments as of September 30, 2014 likely will not represent the value that will be paid or received upon their ultimate settlement or disposition. In this regard, 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.

We disclose fair value measurements according to 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 our derivative instruments in 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, 2014, no such transfers were made.

All of our Level 2 inputs (interest rate futures, swap rates and certain of the inputs for our weighted average cost of capital calculations) and certain of our Level 3 inputs (credit spreads) are obtained from pricing services. These inputs, or interpolations or extrapolations thereof, are used in our internal models to calculate, among other items, yield curves, forward interest and currency rates and weighted average cost of capital 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.

As further described in note 4, we have entered into various derivative instruments to manage our foreign currency exchange risk. The recurring fair value measurements of these derivative instruments are determined using discounted cash flow models. All but one 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 applicable 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 are Level 3 inputs that are used to derive the credit risk valuation adjustments with respect to our various 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 swaps are quantified and further explained in note 4.

We do not have any financial instruments that fall under Level 1 or Level 3 of the fair value hierarchy.

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 cash-generating 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 our company 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. We did not perform significant nonrecurring fair value measurements during the nine months ended September 30, 2014 or 2013.

The fair values of financial assets and liabilities, together with the carrying amounts shown in our condensed consolidated balance sheets, are as follows:

		September 30, 2014		December 31, 2013	
	Category[a]	Carrying amount	Estimated Fair Value	Carrying amount	Estimated Fair Value
		in millions			
Assets carried at fair value — derivative financial instruments	I	€ 54.5	€ 54.5	€ 4.9	€ 4.9
Assets carried at cost or amortized cost:					
Loan receivable — related-party	II	€ 700.8	[b]	€ 413.2	[b]
Trade receivables and unbilled revenue	II	107.0	€ 107.0	111.5	€ 111.5
Cash and cash equivalents	II	13.3	€ 13.3	13.6	€ 13.6
Other current and noncurrent financial assets (including related-party amounts)	II	34.8	€ 34.8	44.5	€ 44.5
Restricted cash	II	1.7	€ 1.7	1.6	€ 1.6
Total assets carried at cost or amortized cost		€ 857.6		€ 584.4	
Liabilities carried at fair value — derivative financial instruments	I	€ 9.1	€ 9.1	€ 26.7	€ 26.7
Liabilities carried at cost or amortized cost:					
Debt obligations	III	€ 5,756.5	€ 6,192.3	€ 5,640.3	€ 5,983.1
Loans payable — related-party	III	1,332.8	[b]	1,219.5	[b]
Accrued liabilities (including related-party accrued liabilities)	III	217.1	€ 217.1	194.5	€ 194.5
Accounts payable and other liabilities (including related-party accounts payable)	III	81.6	€ 81.6	92.6	€ 92.6
Finance lease obligations	V	5.3	€ 5.3	5.6	€ 5.6
Total liabilities carried at cost or amortized cost		€ 7,393.3		€ 7,152.5	

(a) Pursuant to IAS 39, category I refers to financial assets and liabilities held for trading, category II refers to loans and receivables, category III refers to financial liabilities measured at amortized cost and category IV refers to derivatives designated as hedging instruments. Category V refers to finance leases outside the scope of IAS 39.

(b) Due to the related-party nature of these loans, the fair value is not subject to reasonable estimation.

Pre-tax amounts recognized in our condensed consolidated statements of operations related to our financial assets and liabilities are as follows:

	Interest income	Interest expense	Other statement of operations effects[a]	Impact on loss before income taxes
	in millions			
Three months ended September 30, 2014:				
Derivative assets carried at fair value through our condensed consolidated statement of operations	€ —	€ —	€ 53.7	€ 53.7
Assets carried at cost or amortized cost:				
Trade receivables[b]	0.1	—	(0.9)	(0.8)
Loan receivable — related-party	3.8	—	—	3.8
Derivative liabilities carried at fair value through our condensed consolidated statement of operations	—	—	23.5	23.5
Liabilities carried at cost or amortized cost	—	(130.3)	(90.3)	(220.6)
	€ 3.9	€ (130.3)	€ (14.0)	€ (140.4)
Three months ended September 30, 2013:				
Derivative assets carried at fair value through our condensed consolidated statement of operations	€ —	€ —	€ (33.5)	€ (33.5)
Assets carried at cost or amortized cost:				
Trade receivables[b]	0.1	—	(2.4)	(2.3)
Loan receivable — related-party	1.3	—	—	1.3
Derivative liabilities carried at fair value through our condensed consolidated statement of operations	—	—	(8.8)	(8.8)
Liabilities carried at cost or amortized cost	—	(128.0)	43.8	(84.2)
	€ 1.4	€ (128.0)	€ (0.9)	€ (127.5)
Nine months ended September 30, 2014:				
Derivative assets carried at fair value through our condensed consolidated statement of operations	€ —	€ —	€ 51.9	€ 51.9
Assets carried at cost or amortized cost:				
Trade receivables[b]	0.6	—	(7.5)	(6.9)
Loan receivable — related-party	10.1	—	—	10.1
Derivative liabilities carried at fair value through our condensed consolidated statement of operations	—	—	17.0	17.0
Liabilities carried at cost or amortized cost	—	(389.3)	(97.9)	(487.2)
	€ 10.7	€ (389.3)	€ (36.5)	€ (415.1)
Nine months ended September 30, 2013:				
Derivative assets carried at fair value through our condensed consolidated statement of operations	€ —	€ —	€ (33.4)	€ (33.4)
Assets carried at cost or amortized cost:				
Trade receivables[b]	0.5	—	(10.4)	(9.9)
Loan receivable — related-party	6.1	—	—	6.1
Derivative liabilities carried at fair value through our condensed consolidated statement of operations	—	—	(8.8)	(8.8)
Liabilities carried at cost or amortized cost	—	(396.4)	(25.5)	(421.9)
	€ 6.6	€ (396.4)	€ (78.1)	€ (467.9)

(a) Except as noted in (b) below, amounts are included in net financial and other expense in our condensed consolidated statements of operations.

(b) The other statement of operations effects for trade receivables represent provisions for impairment of trade receivables and are included in OpEx in our condensed consolidated statements of operations.

(6) Long-lived Assets

Property and Equipment, Net

Changes during the nine months ended September 30, 2014 in the carrying amounts of our property and equipment, net, are as follows:

	Cable distribution systems	Customer premises equipment	Support equipment, buildings and land	Total
	in millions			
Cost:				
January 1, 2014	€ 3,947.4	€ 465.3	€ 187.7	€ 4,600.4
Additions	176.7	78.3	18.5	273.5
Retirements and disposals	(9.2)	(74.9)	(4.8)	(88.9)
September 30, 2014	€ 4,114.9	€ 468.7	€ 201.4	€ 4,785.0
Accumulated depreciation:				
January 1, 2014	€ 930.9	€ 198.0	€ 67.8	€ 1,196.7
Depreciation	257.0	64.8	22.8	344.6
Retirements and disposals	(9.2)	(74.9)	(4.8)	(88.9)
September 30, 2014	€ 1,178.7	€ 187.9	€ 85.8	€ 1,452.4
Property and equipment, net:				
September 30, 2014	€ 2,936.2	€ 280.8	€ 115.6	€ 3,332.6

During the nine months ended September 30, 2014, no borrowing costs were capitalized.

Intangible Assets Subject to Amortization, net

Changes during the nine months ended September 30, 2014 in the carrying amounts of our finite-lived intangible assets are as follows:

	Customer relationships	Subscriber acquisition costs	Other[(a)]	Total
	in millions			
Cost:				
January 1, 2014	€ 1,358.6	€ 100.5	€ 117.4	€ 1,576.5
Additions	—	54.0	32.5	86.5
Retirements and disposals	—	(41.4)	(10.6)	(52.0)
September 30, 2014	€ 1,358.6	€ 113.1	€ 139.3	€ 1,611.0
Accumulated amortization:				
January 1, 2014	€ 510.8	€ 46.0	€ 47.8	€ 604.6
Amortization	121.4	43.0	23.7	188.1
Retirements and disposals	—	(41.4)	(10.6)	(52.0)
September 30, 2014	€ 632.2	€ 47.6	€ 60.9	€ 740.7
Intangible assets subject to amortization, net:				
September 30, 2014	€ 726.4	€ 65.5	€ 78.4	€ 870.3

(a) Primarily includes computer software costs and trade names.

(7) Debt and Finance Lease Obligations

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

	September 30, 2014			Estimated fair value[a]		Carrying value[b]	
	Interest rate[c]	Borrowing currency	Euro equivalent	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
				in millions			
Third-party debt:							
Parent:							
2009 UM Senior Notes[d]	9.625%	€ 665.0	€ 665.0	€ 704.5	€ 738.6	€ 655.1	€ 654.0
UM Senior Exchange Notes[d]	9.500%	€ 618.0	618.0	699.9	719.6	616.6	616.5
Subsidiaries:							
UM Euro Senior Secured Exchange Notes[d]	7.500%	€ 735.1	735.1	779.2	801.3	739.6	740.3
UM Dollar Senior Secured Exchange Notes[d]	7.500%	$ 459.3	363.7	383.3	361.8	368.2	338.3
September 2012 UM Senior Secured Notes[d]	5.500%	€ 650.0	650.0	691.8	671.5	650.0	650.0
December 2012 UM Dollar Senior Secured Notes[d]	5.500%	$ 1,000.0	791.8	799.3	707.1	791.8	725.2
December 2012 UM Euro Senior Secured Notes[d]	5.750%	€ 500.0	500.0	540.3	517.5	500.0	500.0
January 2013 UM Senior Secured Notes[d]	5.125%	€ 500.0	500.0	530.0	500.6	500.0	500.0
April 2013 UM Senior Secured Notes[d]	5.625%	€ 350.0	350.0	378.2	355.5	350.0	350.0
November 2013 UM Senior Secured Notes[d]	6.250%	€ 475.0	475.0	530.8	470.5	475.0	475.0
UM Senior Secured Facility[e]	2.756%	€ 420.0	420.0	—	—	—	—
UM Super Senior Secured Facility[e]	2.256%	€ 80.0	80.0	—	—	—	—
Vendor financing[f]	3.590%	€ 79.4	79.4	79.4	36.0	79.4	36.0
Total third-party debt before transaction costs and accrued interest	6.827%		6,228.0	€ 6,116.7	€ 5,880.0	5,725.7	5,585.3
Transaction costs						(44.8)	(48.1)
Accrued interest — third-party						75.6	103.1
Total third-party debt						5,756.5	5,640.3
Related-party debt (note 9):							
2010 Shareholder Loan[g]	8.125%	€ 172.9	172.9	[g]	[g]	172.9	126.1
2012 Shareholder Loan[h]	9.625%	€ 1,071.8	1,071.8	[h]	[h]	1,071.8	961.4
2013 Shareholder Capex Loan[i]	7.500%	€ —	—	[i]	[i]	—	11.8
Total related-party debt before accrued interest	9.417%		1,244.7			1,244.7	1,099.3
Accrued interest — related-party						88.1	120.2
Total related-party debt						1,332.8	1,219.5
Total debt	7.289%		€ 7,472.7			7,089.3	6,859.8
Finance lease obligations						5.3	5.6
Total debt and finance lease obligations						7,094.6	6,865.4
Current portion						(155.2)	(139.5)
Noncurrent portion						€ 6,939.4	€ 6,725.9

(a) 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 5.

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

(c) Represents the stated interest rate of the debt instrument as of September 30, 2014 and does not include the impact of our deferred financing costs, premiums or discounts or commitment fees, all of which affect our overall cost of borrowing. Including the effects of discounts and commitment fees, but excluding the impact of financing costs, our weighted average interest rate on our aggregate third-party indebtedness was 7.0% at September 30, 2014. For information concerning our derivative instruments, see note 4.

(d) We collectively refer to the 2009 UM Senior Notes, UM Senior Exchange Notes, the UM Euro Senior Secured Exchange Notes, the UM Dollar Senior Secured Exchange Notes, the September 2012 UM Senior Secured Notes, the December 2012 UM Dollar Senior Secured Notes, the December 2012 UM Euro Senior Secured Notes, the January 2013 UM Senior Secured Notes, the April 2013 UM Senior Secured Notes and the November 2013 UM Senior Secured Notes as the "Unitymedia KabelBW Notes."

(e) At September 30, 2014, the full €500.0 million of borrowing capacity under the Unitymedia KabelBW Revolving Credit Facilities (as defined and described below) was available to be borrowed. When the September 30, 2014 compliance reporting requirements have been completed and assuming no changes from September 30, 2014 borrowing levels, we anticipate that the full €500.0 million borrowing capacity of the Unitymedia KabelBW Revolving Credit Facilities will continue to be available to be borrowed.

(f) Represents amounts owed pursuant to interest-bearing vendor financing arrangements that are used to finance certain of our property and equipment additions. These obligations are generally due within one year. At September 30, 2014 and December 31, 2013, the amounts owed pursuant to these arrangements include €10.9 million and €5.2 million, respectively, of value-added tax (VAT) that was paid on our behalf to the vendor. Repayments of vendor financing obligations are included in repayments of third-party debt and finance lease obligations in our condensed consolidated statements of cash flows.

(g) Represents a loan payable to our shareholder, UPC Germany, that originated on December 1, 2010 (the 2010 Shareholder Loan). The 2010 Shareholder Loan bears interest at 8.125% per annum and accrued interest is transferred to the loan balance annually on January 1. All principal and interest on this loan (collectively €182.6 million at September 30, 2014) is due and payable on the maturity date of January 1, 2030. The increase in the principal amount during the nine months ended September 30, 2014 includes (i) a non-cash increase of €37.9 million related to the settlement of related-party payables and (ii) the transfer of €8.9 million in non-cash accrued interest to the loan balance. The fair value of this loan is not subject to reasonable estimation due to the related-party nature of the loan.

(h) Represents a loan payable to our shareholder, UPC Germany, issued in May 2012 (the 2012 Shareholder Loan). All principal and accrued interest (collectively €1,150.2 million at September 30, 2014) outstanding under this loan is due and payable on December 31, 2025. Interest accrues on the principal balance at 9.625% per annum, is subject to adjustment annually and is transferred to the loan balance on January 1 of each year. Amounts outstanding may be converted to equity at the option of UPC Germany. The increase in the principal amount during the nine months ended September 30, 2014 includes the transfer of €110.4 million in non-cash accrued interest to the loan balance. The fair value of this loan is not subject to reasonable estimation due to the related-party nature of the loan.

(i) Represents a loan payable to our shareholder, UPC Germany, issued in September 2013 (the 2013 Shareholder Capex Loan). The 2013 Shareholder Capex Loan, which was fully repaid during the third quarter of 2014, bore interest at an agreed upon rate (7.500% per annum during all periods that the loan was outstanding). During the third quarter of 2014, we paid €13.2 million to settle outstanding amounts due under the 2013 Shareholder Capex Loan, which consists of €11.8 million of principal and €1.4 million of accrued and unpaid interest. At December 31, 2013, the fair value of this loan was not subject to reasonable estimation due to the related-party nature of the loan.

Unitymedia KabelBW Revolving Credit Facilities

During the third quarter of 2014, Unitymedia Hessen GmbH (Unitymedia Hessen) completed the refinancing of its then existing €337.5 million and €80.0 million revolving credit facilities (the Old Unitymedia KabelBW Revolving Credit Facilities). Pursuant to this refinancing, the respective commitments of the lenders under the Old Unitymedia KabelBW Revolving Credit Facilities were cancelled and Unitymedia Hessen entered into (i) a new €80.0 million super senior secured revolving credit facility agreement (the UM Super Senior Secured Facility) and (ii) a new €420.0 million senior secured revolving credit facility agreement (the UM Senior Secured Facility and, together with the UM Super Senior Secured Facility, the Unitymedia KabelBW Revolving Credit Facilities). The Unitymedia KabelBW Revolving Credit Facilities were undrawn at September 30, 2014. The UM Super Senior Secured Facility, which is senior to the UM Senior Secured Facility, bears interest at EURIBOR plus a margin of 2.25%, matures in December 2020 and has a fee on unused commitments of 0.9% per year. The UM Senior Secured Facility bears interest at EURIBOR plus a margin of 2.75%, matures in December 2020 and has a fee on unused commitments of 1.1% per year.

In addition to customary restrictive covenants and events of default, the Unitymedia KabelBW Revolving Credit Facilities require compliance with a Consolidated Net Leverage Ratio, as defined in the

applicable facility. The terms of the Unitymedia KabelBW Revolving Credit Facilities are substantially the same as those of the respective Old Unitymedia KabelBW Revolving Credit Facilities with regard to ranking, security and change of control.

Maturities of Debt

The euro equivalents of the maturities of our debt as of September 30, 2014 are presented below:

	Third-party debt	Related-party debt	Total
		in millions	
Year ending December 31:			
2014 (remainder of year)	€ 17.7	€ —	€ 17.7
2015	61.7	—	61.7
2016	—	—	—
2017	—	—	—
2018	—	—	—
2019	1,763.8	—	1,763.8
Thereafter	3,884.8	1,244.7	5,129.5
Total maturities	5,728.0	1,244.7	6,972.7
Unamortized discount, net of premium	(2.3)	—	(2.3)
Total debt before transaction costs and accrued interest	5,725.7	1,244.7	6,970.4
Accrued interest, transaction costs and finance lease obligations, net	36.1	88.1	124.2
Total debt and finance lease obligations	€ 5,761.8	€ 1,332.8	€ 7,094.6

Subsequent Event

For information regarding a financing transaction completed subsequent to September 30, 2014, see note 11.

(8) Income Taxes

The income tax expense attributable to our loss before income taxes differs from the income tax benefit computed by applying the German income tax rate of 32.59% for the 2014 periods and 32.37% for the 2013 periods as a result of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
		in millions		
Computed expected income tax benefit	€ 8.7	€ 8.4	€ 23.6	€ 55.4
Non-deductible or non-taxable interest and other items[a]	(0.9)	(9.9)	(33.6)	(31.7)
Recognized (unrecognized) net operating losses and interest carryforwards, net	(16.5)	0.4	(23.8)	(8.6)
Recognition of previously unrecognized tax benefits[b]	—	—	21.0	—
Loss of tax attributes due to a deemed change in control[c]	—	(0.4)	—	(64.9)
Other, net	0.2	(0.5)	(0.5)	(1.2)
Total	€ (8.5)	€ (2.0)	€ (13.3)	€ (51.0)

(a) Includes (i) deferred tax expense of €3.2 million and €1.3 million during the nine months ended September 30, 2014 and 2013, respectively, related to prior year items and (ii) current tax expense of €2.1 million during the nine months ended September 30, 2014 related to prior year items.

(b) The amount for the nine months ended September 30, 2014 includes a net deferred tax benefit of €14.9 million and a current tax benefit of €6.1 million related to the final assessments of our income tax liabilities for fiscal years 2005 through 2007, which were recorded during the first quarter of 2014.

(c) The loss of tax attributes was recognized in connection with a transaction that was completed by our ultimate parent entity during the second quarter of 2013.

(9) Related-party Transactions

Our related-party transactions consist of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
	in millions			
OpEx	€ 3.3	€ 2.3	€ 10.5	€ 8.6
SG&A	0.1	0.8	1.1	2.0
Allocated share-based compensation expense	0.7	0.6	1.9	1.3
Fees and allocations	31.0	17.8	79.9	54.2
Included in EBIT	35.1	21.5	93.4	66.1
Interest expense	30.0	26.8	88.6	94.2
Interest income	(3.8)	(1.3)	(10.1)	(6.1)
Share of associate gain	(0.4)	(0.5)	(1.4)	(1.7)
Included in net loss	€ 60.9	€ 46.5	€ 170.5	€ 152.5
Property, equipment and intangible asset additions	€ 19.7	€ 45.1	€ 60.5	€ 62.7

General. Certain Liberty Global subsidiaries, including UPC Holding B.V. (UPC Holding), 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 OpEx 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 amounts charged were based on estimated costs that 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 revisions to reflect the actual costs underlying our related-party fees and allocations for 2013 and 2012 amounted to increases of €3.7 million and €1.8 million, respectively, in our billings from UPC Holding, which amounts were recorded during the first quarters of 2014 and 2013, respectively. The revisions to reflect actual costs for our related-party OpEx and SG&A expenses for 2013 and 2012 were not material. During the third quarter of 2014, Liberty Global and its subsidiaries began basing the fees charged and amounts allocated among Liberty Global and its subsidiaries on actual costs incurred. As a result, during the third quarter of 2014, we recorded a €7.6 million increase to the fees and allocations charged to our company by UPC Holding to reflect the impact of this change in methodology for the full nine-month period ended September 30, 2014. The impact of this change in methodology on our related-party OpEx 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 consolidated statements of operations are reflective of the costs that we would incur on a standalone basis.

OpEx. These amounts represent certain cash settled charges from other Liberty Global subsidiaries, including charges that originate with UPC Holding, to our company primarily for (i) technology-related costs based on the global contract of another Liberty Global subsidiary for encryption services and (ii) certain backbone costs.

SG&A. These amounts represent certain cash settled charges from other Liberty Global subsidiaries, including charges that originate with UPC Holding, to our company, primarily for software maintenance costs.

Allocated share-based compensation expense. These amounts are allocated to our company by Liberty Global and represent the share-based compensation associated with the Liberty Global share-based incentive awards held by certain employees of our subsidiaries. Awards consist of (i) share appreciation rights, (ii) restricted share units and (iii) performance-based restricted share units (PSUs). PSUs represent the right to receive Liberty Global Class A and Class C ordinary shares, as applicable, subject to performance and vesting as determined by the compensation committee of Liberty Global's board of directors. Share-based compensation expense is reflected as an increase to shareholder's equity (deficit) and is included in SG&A in our condensed consolidated statements of operations.

During the nine months ended September 30, 2014, we recorded aggregate capital charges of €1.8 million in our condensed consolidated statement of shareholder's equity (deficit) 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. These capital charges, which generally are loan settled, are based on the fair value of the underlying Liberty Global shares on the exercise or vesting date, as applicable.

Fees and allocations. These amounts represent fees charged by UPC Holding to our company that originate with Liberty Global, UPC Holding and certain other Liberty Global subsidiaries, and include charges for management, finance, legal, technology, marketing and other services that support our company's broadband communications operations, including the use of the UPC trademark. These charges may be cash or loan settled. With respect to the amounts settled during the nine months ended September 30, 2014 and 2013, all amounts were loan settled with the exception of (i) €6.5 million and €7.6 million that were cash settled during the three months ended September 30, 2014 and 2013, respectively, and (ii) €22.7 million and €18.8 million that were cash settled during the nine months ended September 30, 2014 and 2013, respectively.

Interest expense. Related-party interest expense relates to (i) our 2010 Shareholder Loan, 2012 Shareholder Loan and 2013 Shareholder Capex Loan to UPC Germany and (ii) during the 2013 nine-month period, our loan with Unitymedia International GmbH (UMI). For additional information, see note 7.

Interest income. These amounts relate to the UPC Germany Loan Receivable and, during the periods following the August 2013 issuance date, the UMI Loan Receivable, each as defined and described below. Interest income is included in other income, net, in our condensed consolidated statements of operations.

Share of associate gain. These amounts relate to gains from our investment in UMI. Share of associate gain is included in other income, net, in our condensed consolidated statements of operations.

Property, equipment and intangible asset additions. These amounts primarily represent customer premises and network-related equipment acquired from other Liberty Global subsidiaries, including Liberty Global Europe B.V. and UPC Holding, and are generally cash settled.

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

	September 30, 2014	December 31, 2013
	in millions	
Other current assets[a]	€ 1.6	€ 4.2
Loan receivable — related-party[b]	700.8	413.2
Investment in associate[c]	62.5	61.1
Other noncurrent assets[d]	26.1	33.0
Total	€ 791.0	€ 511.5
Accounts payable and accrued liabilities — related-party[e]	€ 66.6	€ 45.5
Related-party debt[f]	1,332.8	1,219.5
Total	€ 1,399.4	€ 1,265.0

(a) Represents various related-party receivables that may be cash or loan settled.

(b) Represents (i) principal and accrued interest associated with our loan receivable from UPC Germany (the UPC Germany Loan Receivable) and (ii) accrued interest associated with the UMI Loan Receivable (as defined and described below). Pursuant to the UPC Germany Loan Receivable agreement, we can require the repayment of all or part of the amount outstanding within five days of providing notice to UPC Germany. Amounts loaned to UPC Germany pursuant to the UPC Germany Loan Receivable agreement are subject to certain restrictions contained in the instruments governing our indebtedness. The interest rate on this loan, which is subject to adjustment, was 2.21% as of September 30, 2014. The net increase during the nine months ended September 30, 2014 includes (i) cash loaned of €1,602.7 million, (ii) cash received of €1,325.0 million and (iii) accrued interest of €9.9 million.

(c) Represents our investment in UMI. We own a 100% equity interest in UMI. UMI was formed for the purpose of effecting certain asset purchase and related leasing transactions involving certain of UPC Holding's subsidiaries, including certain purchase and leaseback transactions that were initiated in December 2011. UMI is considered a special purpose entity and is consolidated by UPC Holding. Although UPC Holding has no equity or voting interest in UMI, all of the revenue of UMI is derived from UPC Holding. As such, UPC Holding is required by the provisions of EU-IFRS to consolidate UMI. As a result, we use the equity method to account for our investment in UMI.

(d) Represents our loan receivable from UMI that was issued in August 2013 and has a final maturity of December 2016 (the UMI Loan Receivable). Amounts loaned to UMI pursuant to this agreement are subject to certain restrictions contained in the instruments governing our indebtedness. The interest rate on this loan, which is subject to adjustment, was 2.56% as of September 30, 2014. The net decrease in the UMI Loan Receivable during the nine months ended September 30, 2014 includes (i) cash repayments of €32.9 million, (ii) cash loaned of €25.8 million and (iii) the transfer of €0.2 million in non-cash accrued interest to the receivable balance.

(e) Represents various non-interest bearing related-party payables that may be cash or loan settled.

(f) For information regarding our (i) 2010 Shareholder Loan, (ii) 2012 Shareholder Loan and (iii) 2013 Shareholder Capex Loan, see note 7.

(10) 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 non-cancelable operating leases, programming contracts, purchases of customer premises equipment and other items. These include several long-term agreements with Deutsche Telekom AG (Deutsche Telekom) and its affiliates with respect to usage and access for underground cable duct space, the use of fiber-optic transmission systems, tower and facility space. In general, these agreements primarily impose fixed prices for a limited period of time, which may then be raised to reflect additional services requested and increased costs, subject to index-linked limitations. Some agreements impose prices based on the cost to Deutsche Telekom of services that are passed through to us. In accordance with EU-IFRS, we treat these agreements as operating rather than finance leases or as other commitments, as applicable. We expect that in the ordinary course of business, operating leases that expire generally will be renewed or replaced by similar leases.

Guarantees and Other Credit Enhancements

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

Legal Proceedings

Deutsche Telekom Litigation. On December 28, 2012, we filed a lawsuit against Telekom Deutschland GmbH, an operating subsidiary of Deutsche Telekom, in which we assert that we pay excessive prices for the co-use of Deutsche Telekom's cable ducts in our footprint. The Federal Network Agency approved rates for the co-use of certain ducts of Deutsche Telekom in March 2011. Based in part on these approved rates, we are seeking a reduction of the annual lease fees (approximately €76 million for 2012) by approximately two-thirds and the return of similarly calculated overpayments from 2009 through the ultimate settlement date, plus accrued interest. The resolution of this matter may take several years and no assurance can be given that our claims will be successful. Any recovery by our company will not be reflected in our consolidated financial statements until such time as the final disposition of this matter has been reached.

Regulatory Issues

Broadband communications and mobile businesses are subject to significant regulation and supervision by various regulatory bodies, including state authorities in the jurisdictions in which we operate, and German and EU 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.

FCO Regulatory Issues. Our acquisition of Kabel BW GmbH (KBW) was subject to the approval of the Federal Cartel Office (FCO) in Germany, which approval was received in December 2011. In January 2012, two of our competitors (collectively, the Appellants), including the incumbent telecommunications operator, each filed an appeal (collectively, the Appeals) against the FCO regarding its decision to approve our acquisition of KBW. On August 14, 2013, the Düsseldorf Court of Appeal issued a ruling that set aside the FCO's clearance decision. Although the Düsseldorf Court of Appeal did not grant the right to appeal against its ruling to the Federal Supreme Court, on September 16, 2013, we filed a formal request to appeal to the Federal Court of Justice seeking permission to appeal the Düsseldorf Court of Appeal's decision and our reasoned submission was filed on December 16, 2013. During the first quarter of 2014, interested third parties commented on our submission. The Düsseldorf Court of Appeal's ruling is not legally binding until all appeals have been rejected. If we are not granted the right to appeal, or if any appeal is unsuccessful and the Düsseldorf Court of Appeal's ruling to overturn the FCO clearance becomes final and binding, our acquisition of KBW would be remitted to the FCO for a new phase II review. The FCO would have the power to clear the deal subject to additional remedies or, although we do not expect either to be the outcome, to refuse clearance of the transaction or clear the transaction unconditionally.

Under German law, the Appellants may (with the consent of the FCO) withdraw the Appeals prior to the Düsseldorf Court of Appeal's ruling becoming legally binding, in which case, the FCO's original clearance decision with respect to our acquisition of KBW from December 2011 would remain in effect without any additional remedies. We, together with Liberty Global, have engaged in confidential discussions with the Appellants, which could lead to a settlement and withdrawal of the Appeals. Any such settlement and withdrawal is uncertain and would be subject to a number of conditions, including reaching mutually agreeable terms with each of the Appellants, approvals of the respective supervisory boards or boards of directors of the parties and ultimately the consent of the FCO. The terms and timing of any such settlement are not reasonably estimable at this time, and we cannot provide any assurances as to whether a settlement will be reached, or, if a settlement is reached, whether the FCO will consent to the withdrawal of the Appeals.

If we cannot agree on the terms of any such settlement, the proceedings before the Federal Court of Justice will continue. We do not expect that the continued proceedings relating to these appeals will have

any impact on the integration and development of our operations in Germany or the day-to-day running of our business. We cannot predict the final outcome of this appeal process, however, any new decision by the FCO with respect to our acquisition of KBW as a result of the Düsseldorf Court of Appeal's ruling, including any decision that increases the existing conditions we are subject to in connection with the FCO's initial approval of our acquisition of KBW or imposes additional conditions, could have a material adverse impact on our results of operations, cash flows or financial position.

FCO Communication. The FCO had previously communicated to us that it was reviewing customary practices regarding the duration of contracts with multiple dwelling units for analog television services, including with respect to one such contract that the FCO had identified between our company and a landlord as potentially being subject to amendment by order. The FCO indicated that the contract term of 10 years may be an infringement of European and German antitrust laws and that it was inclined to open a test case that could set a precedent for all (or almost all) market participants. On May 22, 2014, the FCO closed this review process without any remedies or conditions.

Financial Transactions Tax. Eleven countries in the EU, including Germany, are participating in an enhanced cooperation procedure to introduce a financial transactions tax (FTT). Under the draft language of the FTT proposal, a wide range of financial transactions could be taxed at rates of at least 0.01% for derivative transactions based on the notional amount and 0.1% for other covered financial transactions based on the underlying transaction price. Each of the individual countries would be permitted to determine an exact rate, which could be higher than the proposed rates of 0.01% and 0.1%. Any implementation of the FTT could have a global impact because it would apply to all financial transactions where a financial institution is involved (including unregulated entities that engage in certain types of covered activity) and either of the parties (whether the financial institution or its counterparty) is in one of the eleven participating countries. Although ongoing debate in the relevant countries demonstrates continued momentum around the FTT, uncertainty remains as to when the FTT would be implemented and the breadth of its application. Based on current information, the FTT will likely not be effective until at least 2016. Any imposition of the FTT could increase banking fees and introduce taxes on internal transactions that we currently perform. Due to the uncertainty regarding the FTT, we are currently unable to estimate the financial impact that the FTT could have on our results of operations, cash flows or financial position.

Other

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

(11) Subsequent Event

Unitymedia KabelBW Refinancing Transactions

On October 22, 2014, we issued $900.0 million (€712.6 million) principal amount of 6.125% senior notes due January 2025 (the 2025 UM Senior Notes). On November 7, 2014, the net proceeds from the 2025 UM Senior Notes were used to fully redeem our €665.0 million principal amount of 9.625% senior notes due December 1, 2019, including the related redemption premium.

The 2025 UM Senior Notes are senior obligations that rank equally with all of our existing and future senior debt and are senior to all existing and future subordinated debt of Unitymedia KabelBW. The 2025 UM Senior Notes are guaranteed on a senior subordinated basis by various subsidiaries of Unitymedia KabelBW and will be secured by a first-ranking pledge over the shares of Unitymedia KabelBW and certain other share and/or asset securities of certain of its subsidiaries on or prior to January 25, 2015.

The 2025 UM 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 Consolidated Net Leverage Ratio test, as defined in the indenture. In addition, the 2025 UM Senior Notes provide that any failure to pay principal prior to expiration of any applicable grace period, or any acceleration with respect to other indebtedness of €75.0 million or more in the aggregate of Unitymedia KabelBW or the Restricted Subsidiaries (as defined in the applicable indenture) is an event of default under the 2025 UM Senior Notes.

Subject to the circumstances described below, the 2025 UM Senior Notes are non-callable until January 15, 2020. At any time prior to January 15, 2020 we may redeem some or all of the 2025 UM Senior Notes by paying a "make-whole" premium, which is the present value of all remaining scheduled interest payments to the redemption date using the discount rate (as specified in the indenture) as of the redemption date plus 50 basis points.

We may redeem some or all of the 2025 UM Senior Notes at the following redemption prices (expressed as a percentage of the principal amount) plus accrued and unpaid interest and Additional Amounts (as defined in the indenture), if any, to the redemption date, if redeemed during the twelve-month period commencing on January 15 of the years set forth below:

Year	Redemption price
2020	103.063%
2021	102.042%
2022	101.021%
2023 and thereafter	100.000%

If Unitymedia KabelBW or certain of our subsidiaries sell certain assets or experience specific changes in control, Unitymedia KabelBW must offer to repurchase the 2025 UM Senior Notes at a redemption price of 101%.

Auditor's Report (Translation)

The following auditor's report (Bestätigungsvermerk) has been issued in accordance with Section 322 German Commercial Code (Handelsgesetzbuch — HGB) in German language on the German version of the consolidated financial statements of Unitymedia KabelBW GmbH as of and for the fiscal year ended December 31, 2013 and the group management report. The group management report is not included here. The management discussion & analysis was not subject to the audit.

"Auditor's Report

We have audited the consolidated financial statements prepared by Unitymedia KabelBW GmbH, Cologne, comprising the consolidated balance sheet, the consolidated statements of operations, the consolidated statements of comprehensive loss, the consolidated statements of changes in shareholder´s equity (deficit), the consolidated statements of cash flows and the notes to the consolidated financial statements, together with the group management report for the financial year from January 1 to December 31, 2013. The preparation of the consolidated financial statements and the group management report in accordance with IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315 (1) of the German Commercial Code [HGB] are the responsibility of the parent Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 of the German Commercial Code [HGB] and the generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors [IDW]. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315 (1) of the German Commercial Code [HGB] and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development."

Düsseldorf, March 19, 2014

KPMG AG
Wirtschaftsprüfungsgesellschaft

Original German version signed by:

Wallraf	Nölgen
Wirtschaftsprüfer	Wirtschaftsprüfer
German Public Auditor	German Public Auditor

UNITYMEDIA KABELBW GMBH

CONSOLIDATED BALANCE SHEETS

	December 31,	
	2013	2012
	in millions	
ASSETS		
Current assets:		
Cash and cash equivalents	€ 13.6	€ 20.2
Trade receivables and unbilled revenue, net (note 9)	107.1	107.7
Loan receivable — related-party (note 16)	413.2	168.7
Other current assets (note 6 and 16)	28.2	13.7
Total current assets	562.1	310.3
Property and equipment, net (note 8)	3,403.7	3,480.4
Goodwill (note 8)	2,841.7	2,841.7
Intangible assets subject to amortization, net (note 8)	971.9	1,100.4
Investment in associate (note 16)	61.1	64.3
Other noncurrent assets (notes 6, 9, 10 and 16)	62.2	86.7
Total noncurrent assets	7,340.6	7,573.5
Total assets	€ 7,902.7	€ 7,883.8

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

UNITYMEDIA KABELBW GMBH

CONSOLIDATED BALANCE SHEETS (Continued)

	December 31,	
	2013	2012[a]
	in millions	
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities:		
Accounts payable	€ 64.8	€ 83.2
Accrued liabilities (note 11)	173.3	193.9
Accounts payable and accrued liabilities — related-party (note 16)	45.5	44.4
Corporate income taxes payable	25.8	21.0
Current provisions (note 12)	23.5	17.9
Deferred revenue and advance payments from subscribers and others	100.0	100.3
Current portion of debt and finance lease obligations (note 13):		
Third-party	139.5	88.6
Related-party	—	1.1
Other current liabilities (note 6)	27.8	22.2
Total current liabilities	600.2	572.6
Noncurrent debt and finance lease obligations (note 13):		
Third-party	5,506.4	5,114.3
Related-party	1,219.5	1,396.7
Deferred tax liabilities (note 14)	495.9	457.7
Noncurrent provisions (note 12)	25.8	24.0
Other noncurrent liabilities (note 6)	38.4	15.4
Total noncurrent liabilities	7,286.0	7,008.1
Total liabilities	7,886.2	7,580.7
Commitments and contingencies (note 17)		
Shareholder's equity (note 15):		
Share capital	—	—
Additional paid-in capital	940.7	941.4
Accumulated deficit	(920.7)	(635.0)
Accumulated other comprehensive loss, net of taxes	(3.5)	(3.3)
Total shareholder's equity	16.5	303.1
Total liabilities and shareholder's equity	€ 7,902.7	€ 7,883.8

(a) As retrospectively revised — see note 2.

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

UNITYMEDIA KABELBW GMBH

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended December 31,		
	2013	2012	2011
	in millions		
Revenue (note 3)	€ 1,927.4	€ 1,801.6	€ 1,053.0
Operating costs and expenses:			
Operating (other than depreciation and amortization) (OpEx) (note 16)	548.4	508.3	286.1
Selling, general and administrative expenses (other than depreciation and amortization) (including share-based compensation) (SG&A) (note 16)	222.9	228.7	139.7
Impairment, restructuring and other operating items, net	16.2	29.7	0.6
Related-party fees and allocations (note 16)	76.4	53.7	35.8
	863.9	820.4	462.2
Earnings before interest, taxes, depreciation and amortization (EBITDA)	1,063.5	981.2	590.8
Depreciation and amortization	678.6	638.9	400.9
Earnings before interest and taxes (EBIT)	384.9	342.3	189.9
Financial and other expense:			
Interest expense:			
Third-party	(404.6)	(424.0)	(252.2)
Related-party (note 16)	(120.6)	(98.1)	(99.9)
Foreign currency transaction gains (losses), net	47.7	20.1	(21.6)
Realized and unrealized gains (losses) on derivative instruments, net (note 6)	(72.7)	(43.1)	25.5
Losses on debt modification and extinguishment, net (note 13)	(83.4)	(143.6)	—
Other income (expense), net (note 16)	11.4	6.8	(1.2)
Net financial and other expense	(622.2)	(681.9)	(349.4)
Loss before income taxes	(237.3)	(339.6)	(159.5)
Income tax benefit (expense) (note 14)	(48.4)	80.3	18.2
Net loss	€ (285.7)	€ (259.3)	€ (141.3)
Further details of OpEx and SG&A:			
Direct costs (programming and copyright, interconnect and other)	€ 190.9	€ 178.5	€ 91.9
Network operating costs	173.5	174.8	101.9
Staff-related costs (excluding restructuring charges)	148.8	149.9	99.0
Sales and marketing costs	95.1	101.7	66.7
Outsourced labor and professional services	65.3	56.3	20.6
Other indirect costs	97.7	75.8	45.7
	€ 771.3	€ 737.0	€ 425.8
Further details of impairment, restructuring and other operating items:			
Restructuring charges (credits), net	€ 10.6	€ 30.8	€ (0.2)
Loss (gain) on disposal of assets, net	(1.2)	(2.7)	0.1
Asset impairments	5.3	1.6	0.6
Direct acquisition costs and other	1.5	—	0.1
	€ 16.2	€ 29.7	€ 0.6

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

UNITYMEDIA KABELBW GMBH

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Year ended December 31,		
	2013	2012[a]	2011
	in millions		
Net loss	€ (285.7)	€ (259.3)	€ (141.3)
Other comprehensive loss, net of taxes:			
Pension liability adjustment	(0.4)	(4.6)	—
Income taxes relating to components of other comprehensive income	0.2	1.3	—
Total comprehensive loss	€ (285.9)	€ (262.6)	€ (141.3)

(a) As retrospectively revised — see note 2.

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

UNITYMEDIA KABELBW GMBH

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY (DEFICIT)

	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss, net of taxes	Total shareholder's equity (deficit)
		in millions		
Balance at January 1, 2011	€ 17.0	€ (234.4)	€ —	€ (217.4)
Net loss	—	(141.3)	—	(141.3)
Conversion of related-party loans and related accrued interest to equity (notes 13 and 15)	1,100.0	—	—	1,100.0
Contribution of cash in connection with the LG/KBW Transaction (note 5)	892.5	—	—	892.5
Equity contribution (note 15)	61.0	—	—	61.0
Share-based compensation (note 16)	0.5	—	—	0.5
Balance at December 31, 2011	2,071.0	(375.7)	—	1,695.3
Net loss	—	(259.3)	—	(259.3)
Other comprehensive loss, net of taxes (a) (note 2)	—	—	(3.3)	(3.3)
Consideration issued in connection with the KBW Fold-in (note 5)	(1,230.0)	—	—	(1,230.0)
Conversion of related-party loan and related accrued interest to equity (notes 13 and 15)	100.4	—	—	100.4
Excess of consideration paid over carrying value of property, equipment and intangible assets transferred from entity under common control	(1.1)	—	—	(1.1)
Share-based compensation (note 16)	1.1	—	—	1.1
Balance at December 31, 2012[(a)]	941.4	(635.0)	(3.3)	303.1
Net loss	—	(285.7)	—	(285.7)
Other comprehensive loss, net of taxes (note 2)	—	—	(0.2)	(0.2)
Capital charge in connection with exercise of Liberty Global share incentive awards (note 16)	(2.6)	—	—	(2.6)
Share-based compensation (note 16)	2.0	—	—	2.0
Excess of consideration paid over carrying value of property, equipment and intangible assets transferred from entity under common control	(0.1)	—	—	(0.1)
Balance at December 31, 2013	€ 940.7	€ (920.7)	€ (3.5)	€ 16.5

(a) As retrospectively revised — see note 2.

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

UNITYMEDIA KABELBW GMBH

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2013	2012	2011
		in millions	
Cash flows from operating activities:			
Net loss	€ (285.7)	€ (259.3)	€ (141.3)
Adjustments to reconcile loss from continuing operations to net cash provided by operating activities:			
Share-based compensation expense	2.0	1.1	0.5
Impairment, restructuring and other operating items, net	16.2	29.7	0.6
Related-party fees and allocations	76.4	53.7	35.8
Depreciation and amortization	678.6	638.9	400.9
Amortization of deferred financing costs and non-cash interest accretion	7.8	12.9	12.1
Non-cash related-party interest expense	120.6	98.1	99.9
Foreign currency transaction losses (gains), net	(47.7)	(20.1)	21.6
Realized and unrealized losses (gains) on derivative instruments, net	72.7	43.1	(25.5)
Losses on debt modification and extinguishment, net	83.4	143.6	—
Deferred tax expense (benefit)	38.4	(77.3)	(28.7)
Changes in operating assets and liabilities, net of the effects of acquisitions and dispositions	(48.9)	(30.2)	(33.0)
Net cash used by discontinued operation	—	—	(2.9)
Net cash provided by operating activities	713.8	634.2	340.0
Cash flows from investing activities:			
Capital expenditures	(419.3)	(464.9)	(307.4)
Advances to parent	(269.7)	(174.1)	(54.0)
Cash paid in connection with acquisitions, net of cash acquired	—	—	(882.7)
Investment in associate	—	—	(61.0)
Other investing activities	2.0	1.2	0.3
Net cash used by investing activities	(687.0)	(637.8)	(1,304.8)
Cash flows from financing activities:			
Borrowings of third-party debt	1,325.0	2,139.2	160.0
Repayments of third-party debt and finance lease obligations	(929.1)	(2,051.6)	(160.7)
Net related-party borrowings (repayments)	(357.8)	29.8	—
Payment of financing costs and debt premiums	(70.4)	(129.3)	—
Contributions from parent	—	—	953.5
Other financing activities	(1.1)	(12.4)	1.4
Net cash provided (used) by financing activities	(33.4)	(24.3)	954.2
Net decrease in cash and cash equivalents	(6.6)	(27.9)	(10.6)
Cash and cash equivalents:			
Beginning of period	20.2	48.1	58.7
End of period	€ 13.6	€ 20.2	€ 48.1
The following amounts are included in net cash provided by operating activities:			
Cash paid for interest (excluding payments related to derivative instruments)	€ 360.9	€ 410.6	€ 232.3
Net cash paid for taxes	€ 3.7	€ 0.1	€ 3.6

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

(1) Basis of Presentation

Unitymedia KabelBW GmbH (Unitymedia KabelBW) is a wholly-owned subsidiary of UPC Germany Holding B.V. (UPC Germany), which in turn is an indirect subsidiary of Liberty Global plc (Liberty Global), the successor to Liberty Global, Inc. Unitymedia KabelBW was formed on October 15, 2009 and registered with the commercial register on October 23, 2009 in contemplation of the issuance of debt financing in connection with Unitymedia KabelBW's then potential acquisition of the entity (Old Unitymedia) that owned the largest cable operator in the German federal states of North Rhine-Westphalia and Hesse. In the following text, the terms "Unitymedia KabelBW," "we," "our," "our company," and "us" may refer, as the context requires, to Unitymedia KabelBW, or collectively to Unitymedia KabelBW and its subsidiaries.

Unitymedia KabelBW, which operates in the German federal states of North Rhine-Westphalia, Hesse and Baden-Württemberg, provides video, broadband internet, fixed-line telephony and mobile services to its customers.

Through a series of transactions that were completed during the second quarter of 2012 in conjunction with a debt exchange where debt previously issued by the Kabel BW Group (as defined below) was exchanged for new debt issued by Unitymedia KabelBW, UPC Germany, our immediate parent company, transferred UPC Germany Holdings GmbH (UPC Germany Holdings), an indirect parent company of Kabel BW GmbH (KBW), then the largest cable operator in Baden-Württemberg, to Unitymedia Hessen GmbH & Co. KG (Unitymedia Hessen), one of our wholly-owned subsidiaries (collectively, the KBW Fold-in). We accounted for the KBW Fold-in as a reorganization of entities under common control. Accordingly, we recorded the transfer of UPC Germany Holdings and its subsidiaries (collectively, the Kabel BW Group) at carryover basis and the applicable prior period information was retrospectively revised to give effect to the resulting change in reporting entities for all periods in which we and the Kabel BW Group were under the common control of Liberty Global (namely all periods beginning on or after the December 15, 2011 acquisition of a then indirect parent of KBW by a then indirect subsidiary of UPC Germany Holdings (the LG/KBW Transaction)). For additional information, see note 5. Additionally, in the third quarter of 2012, Unitymedia Hessen sold its shares of UPC Germany Holdings to UPC Germany NewCo GmbH (UPC Germany NewCo) and UPC Germany Holdings was merged into UPC Germany NewCo.

In addition to our core business, Unitymedia KabelBW's arena segment operated a direct-to-home satellite digital pay-TV platform that we closed down effective September 30, 2010. We have presented Unitymedia KabelBW's arena segment as a discontinued operation in our consolidated statements of operations and cash flows. As such, all statements of operation and cash flow amounts presented in the notes to these consolidated financial statements relate only to our continuing operations, unless otherwise noted.

Our annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU-IFRS) and the additional requirements of German Commercial Law pursuant to § 315a (3) German Commercial Code (HGB).

The Unitymedia KabelBW Notes are listed on the Official List of the Luxembourg Stock Exchange and are admitted to trading on the Euro MTF Market, which is not a regulated market (as defined by Article 1(13) of Directive 93/22/EEC). For additional information regarding the Unitymedia KabelBW Notes, see note 13.

Our functional currency is the euro. Unless otherwise indicated, convenience translations into euros are calculated as of December 31, 2013.

These consolidated financial statements were submitted to our supervisory board and approved for publication by the Managing Directors on March 19, 2014.

(2) Accounting Changes and Recent Pronouncements

First-time Application of Accounting Standards

With the exception of the revised International Accounting Standard (IAS) 19 and IAS 1, the application of the following accounting standards did not have any impact on our consolidated financial statements:

Standard/ Interpretation	Title	Applicable for fiscal years beginning on or after	Date of endorsement by the European Union (EU)
IAS 1 (amendments)	Presentation of items of other comprehensive income	July 1, 2012	June 5, 2012
IAS 19 (amendments)	Amendments to IAS 19 employee benefits	January 1, 2013	June 5, 2012
Improvements to IFRSs	Collection of amendments to several standards made in response to six issues addressed during the 2009 - 2011 project cycle	January 1, 2013	March 27, 2013
IFRS 7 (amendments)	Disclosures — Offsetting financial assets and financial liabilities	January 1, 2013	December 13, 2012
IFRS 13	Fair value measurement	January 1, 2013	December 11, 2012

Effective January 1, 2013, we adopted the revised IAS 19 *Employee Benefits*, which requires retrospective application to our 2012 financial statements. The revised IAS 19 requires the recognition of service cost and net interest on the net defined benefit liability in income or loss and the recognition of remeasurements of the net defined benefit liability, in particular actuarial gains and losses, in other comprehensive income or loss. Prior to January 1, 2013, we recognized actuarial gains and losses deferred under the corridor approach in income or loss. During the fourth quarter of 2012, the adoption of IAS 19 resulted in other comprehensive loss before tax of €4.6 million (€3.3 million including tax effects) and corresponding adjustments to our pension liabilities (included in noncurrent provisions) and deferred tax assets.

New Accounting Standards, Not Yet Effective

Except for the following accounting standards that are endorsed and relevant for our Company, there were additional standards and interpretations either issued by the International Accounting Standards Board or endorsed by the EU but are not yet effective for the current reporting period which we see as not relevant for our Company. We have not early adopted the accounting standards that are relevant for us.

Standard/ Interpretation	Title	Applicable for fiscal years beginning on or after	Date of endorsement by the EU
IAS 19 (amendments)	Defined benefit plans: Employee contributions	July 1, 2014[a]	Not yet endorsed
IAS 32 (amendments)	Offsetting financial assets and financial liabilities	January 1, 2014[b]	December 13, 2012
IAS 36 (amendments)	Recoverable amount disclosures for non-financial assets	January 1, 2014[b]	December 19, 2013
IAS 39 (amendments)	Novation of derivatives and continuation of hedge accounting	January 1, 2014[b]	December 19, 2013
IFRS 10	Consolidated financial statements	January 1, 2014[b]	December 11, 2012
IFRS 10/ IFRS 11/ IFRS 12 (amendments)	Transition guidance	January 1, 2014[b]	April 4, 2013
IFRS 12	Disclosure of interests in other entities	January 1, 2014[b]	December 11, 2012

(a) We have not fully evaluated the impact of applying this new, but not yet effective, accounting standard on our consolidated financial statements, however, we currently do not expect the impact of the adoption of this standard to be material.

(b) We evaluated the impact of applying these accounting standards on our consolidated financial statements and do not believe the impact of the adoption of any of these standards to be material.

(3) Summary of Significant Accounting Policies

Estimates

The preparation of financial statements in conformity with EU-IFRS 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, deferred income taxes and the related recognition of deferred tax assets, 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.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation including the reclassification of (i) costs from OpEx outsourced labor professional services to OpEx network operating costs, (ii) costs from OpEx network operating costs to OpEx other indirect costs, (iii) costs from SG&A other indirect costs to OpEx other indirect costs, (iv) costs from SG&A staff-related costs to OpEx staff-related costs and (v) costs from OpEx direct costs to OpEx network operating costs.

Principles of Consolidation

The accompanying consolidated financial statements include our accounts and the accounts of all voting interest entities where we exercise a controlling financial interest through the ownership of a direct or indirect controlling voting interest and special purpose entities over which we exercise control. All significant intercompany accounts and transactions have been eliminated in consolidation. Investments in special purpose entities that we do not control are accounted for using the equity method.

The following subsidiaries of Unitymedia KabelBW are included in our consolidated financial statements at December 31, 2013, all of which are 100% owned:

Name of subsidiary[a]	Headquarters location
Unitymedia Management GmbH[b]	Cologne, Germany
Unitymedia Hessen Verwaltung GmbH	Cologne, Germany
Unitymedia Hessen[c]	Cologne, Germany
Unitymedia NRW GmbH (Unitymedia NRW)[b]	Cologne, Germany
Unitymedia Services GmbH[b]	Cologne, Germany
Arena Sport Rechte und Marketing GmbH i.L.	Cologne, Germany
UPC Germany NewCo	Cologne, Germany
KBW	Heidelberg, Germany

(a) Unitymedia International GmbH (UMI), an entity in which Unitymedia KabelBW owns a 100% equity interest, is excluded from our list of subsidiaries as UMI is a special purpose entity that is consolidated by UPC Holding B.V. (UPC Holding), another Liberty Global subsidiary. For additional information regarding our accounting for UMI, see note 16. We will publish statutory accounts for UMI.

(b) Exempt from publishing statutory accounts pursuant to Sec. 264 (3) HGB.

(c) Exempt from publishing statutory accounts pursuant to Sec. 264b HGB.

Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents include cash on hand and demand deposits which have a maturity of three months or less at the time of acquisition. Cash and cash equivalents are measured at cost.

Restricted cash includes cash held in escrow and cash pledged as collateral. Restricted cash amounts that are required to be used to purchase noncurrent assets or repay noncurrent debt are classified as noncurrent assets. All other cash that is restricted to a specific use is classified as current or noncurrent based on the expected timing of the disbursement.

Trade Receivables

Our trade receivables are initially measured at fair value and subsequently reported at amortized cost, net of an allowance for impairment of trade receivables. The allowance for impairment of trade receivables is estimated based upon our assessment of anticipated loss related to uncollectible accounts receivable. We use a number of factors in determining the allowance, including, among other things, collection trends, prevailing and anticipated economic conditions, specific customer and historical experience. The allowance is maintained until either receipt of payment or the likelihood of collection is considered to be remote.

Property and Equipment

Property and equipment are measured at initial cost less accumulated depreciation and any accumulated impairment losses. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. The initial cost comprises the purchase price, borrowing costs (if applicable), costs of construction including direct materials and labor, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the costs of dismantling and removing the items and restoring the site on which the assets are located. No borrowing costs were capitalized during the periods presented.

Depreciation is computed on a straight-line basis over the estimated useful lives of each major component of an item of property and equipment. The distribution systems have estimated useful lives ranging from 3 to 35 years. Support equipment and buildings (including leasehold improvements) have estimated useful lives ranging from 3 to 15 years. Land is not depreciated. Depreciation methods, useful lives, and residual values are reviewed at each reporting date and may be adjusted based on management's expectations of future use.

Property and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. Impairment exists when the carrying value exceeds the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. For purposes of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). We have determined that our property and equipment is part of a single cash-generating unit for purpose of impairment testing. Impairment losses are reversed if the reasons for the impairment loss no longer exist or the impairment loss has decreased.

Subsequent costs are included in the assets' carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will be achieved and when the cost can be measured reliably. The carrying amount of any replaced item is derecognized. All other expenditures for repairs and maintenance are expensed as incurred.

Gains and losses due to disposals are included in impairment, restructuring and other operating items, net.

Intangible Assets

Our primary intangible assets are goodwill, customer relationships, trade name, subscriber acquisition costs and software. Goodwill and intangible assets with indefinite useful lives are not amortized, but instead are tested for impairment at least annually. Intangible assets with finite lives are amortized over their

respective estimated useful lives on a straight-line basis and reviewed for impairment when circumstances warrant. Each reporting period we evaluate the estimated useful lives of our intangible assets that are subject to amortization to determine whether events or circumstances warrant revised estimates of useful lives.

Goodwill represents the excess purchase price over the fair value of the identifiable net assets acquired. Goodwill is tested for impairment annually, or more frequently when there is an indication that it may be impaired. We have identified one cash-generating unit to which all goodwill is assigned. If the recoverable amount (i.e. the higher of fair value less costs to sell or value in use) of the cash-generating unit is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets pro-rata on the basis of the carrying amount of each asset. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Customer relationships and trade name are recognized at their fair values in connection with business combinations and are amortized over lives ranging from 5 to 10 years. Subscriber acquisition costs are recognized as incurred when such costs are directly attributable to obtaining a new customer contract, are paid to a third party, can be measured reliably and meet the definition of an intangible asset. Subscriber acquisition costs are amortized over the applicable contractual life, which generally ranges from 1 to 2 years.

Costs associated with maintaining computer software are expensed as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by us for which it is probable that the expected future economic benefits attributable to the assets would flow to our company beyond one year are recognized as intangible assets. Capitalized internal-use software costs include only external direct costs of materials and services consumed in developing or obtaining the software and payroll and payroll-related costs for employees who are directly associated with and who devote time to the project. Capitalization of these costs ceases no later than the point at which the project is substantially complete and ready for its intended purpose. Capitalized internal-use software costs are amortized on a straight-line basis over their applicable expected useful lives, which range from 3 to 5 years. Where no internal-use intangible asset can be recognized, development expenditures are expensed as incurred.

Subsequent expenditures related to intangible assets are capitalized only when the expenditures increase the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditures on internally generated brands, are expensed as incurred.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to us. Property and equipment acquired by way of a finance lease are initially stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease. The leased asset is subsequently depreciated over the shorter of its useful life or the lease term and is subject to impairment assessments as a component of the applicable cash-generating unit. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding lease obligations, net of finance charges, are included in noncurrent debt with the interest element of the lease payment charged to our consolidated statements of operations over the lease period. All other leases are classified as operating lease payments and recognized in our consolidated statements of operations on a straight-line basis over the term of the lease.

We have entered into various long-term service level agreements with Deutsche Telekom AG (Deutsche Telekom) and certain of its affiliates that are significant to our business, in particular for the lease of cable duct space. Generally, the terms per the agreements are unlimited, yet we have certain termination rights which are entirely at our discretion. According to German law, lease agreements are subject to a termination right of either party after a term of 30 years. We do not capitalize these cable ducts as finance leases as a result of management assumptions made regarding the expected usage of the cable ducts at the inception of the contracts.

Financial Instruments

Cash and cash equivalents, current trade and other receivables, other current assets, accounts payable, accrued liabilities, subscriber advance payments and deposits and other current liabilities are initially recognized at fair value and subsequently carried at amortized cost. Due to their relatively short maturities, the carrying values of these financial instruments approximate their respective fair value. The carrying amounts of trade receivables with a remaining term of more than one year are included in noncurrent assets and the carrying amounts of these receivables approximates their fair value.

Loans and other receivables are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

For information concerning the fair value of our debt, see note 13.

Derivative instruments

All derivative instruments are recorded on the balance sheet at fair value. Although we enter into derivative instruments to manage foreign exchange risk, we do not apply hedge accounting to any of our derivative instruments. Changes to the fair value of our derivative instruments are recognized in realized and unrealized gains or losses on derivative instruments, in our consolidated statements of operations.

Bonds and Bank Liabilities

Bonds and bank liabilities are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value of our bond and bank liabilities is recognized in our consolidated statements of operations over the respective terms of the borrowings using the effective interest method.

Provisions

Provisions are liabilities of uncertain timing and/or amount. A provision is recognized when a present legal or constructive obligation as a result of a past event exists, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Foreign Currency Transactions

The euro is our functional currency. Transactions denominated in currencies other than the euro are recorded based on exchange rates at the time such transactions arise. Changes in exchange rates with respect to monetary items (e.g. cash held in a foreign currency or assets and liabilities to be received or paid in a fixed or determinable number of foreign currency units) recorded in our consolidated balance sheet result in transaction gains and losses that are reflected in our consolidated statement of operations as foreign currency transaction gains or losses.

Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of our activities. Revenue is presented net of value-added tax, rebates and discounts and after eliminating intercompany sales within the consolidated group.

We derive revenue from our digital and analog cable television products and services, broadband internet services, fixed-line telephony products and services (including subscription and usage fees), mobile services and carriage fees paid by broadcasters.

Revenue is recognized when services have been provided, the costs incurred can be measured reliably and we are not obliged to provide any future services. Prepayments are deferred and amortized on a straight-line basis over the service period.

When free or discounted service periods or other customer incentives are offered to customers in relation to a subscription, we recognize the total amount of billable revenue that we expect to receive from

customers in equal monthly installments over the term of the contract provided that we have the enforceable and contractual right to deliver products to the customer after the promotional period. If free months are given without a contract at the beginning of a subscription period, we do not recognize revenue during the free months as the customer's continuance is not assured.

For multiple element arrangements, the recognition criteria of revenue are applied to the separately identifiable components of the transaction. A component within an arrangement is separated if it has standalone value to the customer and if its fair value can be measured reliably. The fair value of the consideration received or receivable is allocated to the separate components of the arrangement using the residual fair value method.

Revenue resulting from the sale of goods is realized when the significant risks and rewards of ownership are transferred to the customer.

Installation fees generally are recognized as services are rendered.

For information regarding our policy for allocating product revenue, see *Segments* below.

Income taxes

Current taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities at undiscounted values. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted as of the balance sheet date.

Deferred taxes

Generally, deferred taxes are recognized for any temporary differences between the tax base and the EU-IFRS base, except in situations where goodwill is not recognized for tax purposes.

Deferred tax assets are recognized for deductible temporary differences and tax loss and interest carryforwards, if it is probable that future taxable earnings will be available against which the unused tax losses or temporary differences can be utilized. However, deferred tax assets are not recognized if the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting earnings nor taxable earnings.

The recoverability of the carrying value of deferred taxes is determined based on management's estimates of future taxable earnings. If it is no longer probable that enough future taxable earnings will be available against which the unused tax losses or temporary differences can be used, an impairment in a corresponding amount is recognized on the deferred tax assets.

Deferred taxes are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted as of the balance sheet date. Deferred taxes are not discounted.

If the changes in the value of assets or liabilities are recognized in a separate component of equity, the change of value of the corresponding deferred tax assets and liabilities are also recognized in this separate component of equity (instead of income tax expense).

Deferred tax assets and liabilities are offset in our consolidated balance sheets if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

For additional information concerning our income taxes, see note 14.

Segments

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

Our revenue by major product category is as follows:

	Year ended December 31,		
	2013	2012	2011
		in millions	
Subscription revenue[a]:			
Video	€ 969.1	€ 948.6	€ 638.4
Broadband internet	363.4	283.8	130.9
Fixed-line telephony	391.7	346.4	156.0
Total cable subscription revenue	1,724.2	1,578.8	925.3
Mobile[b]	14.8	9.6	2.8
Total subscription revenue	1,739.0	1,588.4	928.1
Business-to-Business (B2B)[c]	2.2	—	—
Other non-subscription revenue[d]	186.2	213.2	124.9
Total	€ 1,927.4	€ 1,801.6	€ 1,053.0

(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.

(b) Mobile subscription revenue excludes €1.1 million, €0.5 million and nil, respectively, of mobile interconnect revenue. Mobile interconnect revenue is included in other non-subscription revenue.

(c) These amounts include B2B revenue from business broadband internet, video, voice, wireless and data services offered to medium to large enterprises and, on a wholesale basis, to other operators. We also provide services to certain small office and home office (SOHO) subscribers. SOHO subscribers pay a premium price to receive enhanced service levels along with video, broadband internet or fixed-line telephony services that are similar to the mass marketed products offered to our residential subscribers. Revenue from SOHO subscribers, which aggregated €11.5 million, €5.4 million and €0.8 million, respectively, is included in cable subscription revenue.

(d) Other non-subscription revenue includes carriage fee, installation and interconnect revenue.

(4) Financial Risk Management

Overview

We have exposure to the following risks that arise from our financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

Our exposure to each of these risks, the policies and procedures that we use to manage these risks and our approach to capital management are discussed below in this note. As a subsidiary of Liberty Global, our approach to the management of these risks is integrated with Liberty Global's overall risk management policies and procedures.

Credit Risk

Credit risk is the risk that we would experience financial loss if our customers or the counterparties to our derivative and other financial instruments, undrawn debt facilities and cash investments were to default on their obligations to us.

We manage the credit risks associated with our trade receivables by performing credit verifications, following established dunning procedures and engaging collection agencies. We also manage this risk by disconnecting services to customers whose accounts are delinquent. Concentration of credit risk with respect to trade receivables is limited due to the large number of customers.

We manage the credit risks associated with our derivative and other financial instruments, cash investments and undrawn debt facilities primarily through the evaluation and monitoring of the creditworthiness of, and concentration of risk with, the respective counterparties. Most of our cash currently is invested in overnight deposits with banks having a minimum credit rating of A by Standard & Poor's or an equivalent rating by Moody's Investor Service. To date, neither the access to nor the value of our cash and cash equivalent balances have been adversely impacted by liquidity problems of financial institutions. We and our counterparties do not post collateral or other security, nor have we entered into master netting arrangements with any of our counterparties.

Under our derivative contracts, it is generally only the non-defaulting party that has a contractual option to exercise early termination rights upon the default of the other counterparty and to set off other liabilities against sums due upon such termination. However, in an insolvency of a derivative counterparty, under the laws of certain jurisdictions, the defaulting counterparty or its insolvency representatives may be able to compel the termination of one or more derivative contracts and trigger early termination payment liabilities payable by us, reflecting any mark-to-market value of the contracts for the counterparty. Alternatively, or in addition, the insolvency laws of certain jurisdictions may require the mandatory set-off of amounts due under such derivative contracts against present and future liabilities owed to us under other contracts between us and the relevant counterparty. Accordingly, it is possible that we may be subject to obligations to make payments, or may have present or future liabilities owed to us partially or fully discharged by set-off as a result of such obligations, in the event of the insolvency of a derivative counterparty, even though it is the counterparty that is in default and not us. To the extent that we are required to make such payments, our ability to do so will depend on our liquidity and capital resources at the time. In an insolvency of a defaulting counterparty, we will be an unsecured creditor in respect of any amount owed to us by the defaulting counterparty, except to the extent of the value of any collateral we have obtained from that counterparty.

The risks we would face in the event of a default by a counterparty to one of our derivative instruments might be eliminated or substantially mitigated if we were able to novate the relevant derivative contracts to a new counterparty following the default of our counterparty. While we anticipate that, in the event of the insolvency of one of our derivative counterparties, we would seek to effect such novations, no assurance can be given that we would obtain the necessary consents to do so or that we would be able to do so on terms or pricing that would be acceptable to us or that any such novation would not result in substantial costs to us. Furthermore, the underlying risks that are the subject of the relevant derivative contracts would no longer be effectively hedged due to the insolvency of our counterparty, unless and until we novate or replace the derivative contract.

Although we actively monitor the creditworthiness of our key vendors, the financial failure of a key vendor could disrupt our operations and have an adverse impact on our revenue and cash flows.

While we currently have no specific concerns about the creditworthiness of any counterparty for which we have material credit risk exposures, we cannot rule out the possibility that one or more of our counterparties could fail or otherwise be unable to meet its obligations to us. Any such instance could have an adverse effect on our cash flows, results of operations, financial condition and/or liquidity.

Our maximum exposure to credit risk is represented by the carrying amounts of our financial assets, excluding our related-party loans receivable. For information concerning these carrying amounts, see note 6. In light of the related-party nature of the UPC Germany Loan Receivable and UMI Loan Receivable (each as defined and described in note 16), we have not considered this financial instrument in our credit risk assessment.

Liquidity Risk

Liquidity risk is the risk that we will encounter difficulty in meeting our financial obligations. We evaluate our liquidity risks at the parent (Unitymedia KabelBW) and operating subsidiary levels. As a holding company, our primary assets other than cash and cash equivalents are our investments in consolidated subsidiaries. Our ability to access the financial assets of our operating subsidiaries is restricted by the terms of the indentures for the Unitymedia KabelBW Notes (as defined and described in note 13). Tax considerations and other factors may also limit our ability to access the financial assets of our subsidiaries.

Our sources of liquidity at the parent level include (i) our cash and cash equivalents, (ii) amounts due under the UPC Germany Loan Receivable (as defined and described in note 16), (iii) funding from UPC Germany (and ultimately from Liberty Global or other Liberty Global subsidiaries) in the form of loans or contributions, as applicable, and (iv) subject to certain restrictions as noted above, proceeds in the form of distributions or loans from Unitymedia Hessen, Unitymedia NRW, KBW or other subsidiaries. At December 31, 2013, €0.4 million of our consolidated cash and cash equivalents was held by our company and the remaining €13.2 million was held by our subsidiaries.

In addition to cash and cash equivalents, the primary sources of liquidity of Unitymedia Hessen, Unitymedia NRW, KBW and our other operating subsidiaries is cash provided by operations and, in the case of Unitymedia Hessen and Unitymedia NRW, any borrowing availability under the Unitymedia KabelBW Revolving Credit Facilities (as defined and described in note 13). At December 31, 2013, we had aggregate borrowing capacity of €417.5 million under the Unitymedia KabelBW Revolving Credit Facilities. For information regarding limitations on the borrowing availability of the Unitymedia KabelBW Revolving Credit Facilities, see note 13.

The ongoing cash needs of Unitymedia KabelBW include (i) corporate general and administrative expenses and (ii) interest payments on outstanding debt. From time to time, Unitymedia KabelBW may also require cash in connection with (a) the repayment of outstanding debt, (b) the satisfaction of contingent liabilities or (c) acquisitions and other investment opportunities. No assurance can be given that funding from UPC Germany (and ultimately from Liberty Global or other Liberty Global subsidiaries), our subsidiaries or external sources would be available on favorable terms, or at all.

The liquidity of Unitymedia Hessen, Unitymedia NRW, KBW and our other operating subsidiaries generally is used to fund capital expenditures, debt service requirements and other liquidity requirements that may arise from time to time. Our subsidiaries may also require funding in connection with (i) the repayment of outstanding debt, (ii) acquisitions and other investment opportunities or (iii) distributions or loans to Unitymedia KabelBW (and ultimately to Liberty Global or other Liberty Global subsidiaries). No assurance can be given that any external funding would be available to our subsidiaries on favorable terms, or at all.

Our most significant financial obligations are our debt obligations (as described in note 13). The terms of our debt instruments contain certain restrictions, including covenants that restrict our ability to incur additional debt. As a result, additional debt financing is only a potential source of liquidity if the incurrence of any new debt is permitted by the terms of our existing debt instruments.

Our ability to service or refinance our debt and to maintain compliance with our leverage covenants is dependent primarily on our ability to maintain or increase the Adjusted EBITDA of our operating subsidiaries and to achieve adequate returns on our capital expenditures and acquisitions. Our ability to maintain or increase cash from our operations will depend on our future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control. In addition, our ability to obtain additional debt financing is limited by the leverage covenants contained in our and our subsidiaries' various debt instruments. In this regard, if our Adjusted EBITDA were to decline, we could be required to repay or limit our borrowings under the Unitymedia KabelBW Revolving Credit Facilities (as defined and described in note 13) 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. As we use the term, Adjusted EBITDA is defined as EBITDA before share-based compensation, impairment, restructuring and other operating items and related-party fees and allocations.

We believe that our cash and cash equivalents, the UPC Germany Loan Receivable (as defined and described in note 16), the cash provided from the operations of our subsidiaries and any available borrowings under the Unitymedia KabelBW Revolving Credit Facilities (as defined and described in note 13) will be sufficient to fund our currently anticipated working capital needs, capital expenditures and debt service requirements during the next 12 months, although no assurance can be given that this will be the case. However, as our debt matures 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 refinancing

transactions or otherwise extend our debt maturities. In this regard, it is not possible to predict how economic conditions, sovereign debt concerns and/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.

We and Liberty Global use budgeting and cash flow forecasting tools to ensure that we will have sufficient resources to timely meet our liquidity requirements. We and Liberty Global also maintain a liquidity reserve to provide for unanticipated cash outflows.

The following table shows the timing of expected payments based on the contractually agreed upon terms for our financial liabilities as of December 31, 2013:

	Payments due during:						
	2014	2015	2016	2017	2018	Thereafter	Total
	in millions						
Debt principal:							
Third-party	€ 36.0	€ —	€ —	€ —	€ —	€ 5,551.4	€ 5,587.4
Related-party	—	—	—	—	—	1,099.3	1,099.3
Debt interest[(a)]:							
Third-party	377.3	387.2	387.2	384.8	382.2	1,108.4	3,027.1
Related-party	103.7	103.7	103.7	103.7	103.7	770.0	1,288.5
Finance lease obligations:							
Principal	0.4	0.2	0.2	0.3	0.3	4.2	5.6
Interest[(a)]	0.5	0.5	0.5	0.4	0.4	2.6	4.9
Accrued liabilities (including related-party accrued liabilities)	194.5	—	—	—	—	—	194.5
Accounts payable (including related-party accounts payable)	89.1	—	—	—	—	—	89.1
Total	€ 801.5	€ 491.6	€ 491.6	€ 489.2	€ 486.6	€ 8,535.9	€ 11,296.4

(a) Amounts are based on interest rates, interest payment dates and contractual maturities in effect as of December 31, 2013. 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 agreements, deferred financing costs, premiums and discounts or commitment fees, all of which affect our overall cost of borrowing.

Market Risk

Because we have certain debt that is denominated in United States (U.S.) dollars and other debt that has a floating interest rate, we are exposed to market risks relating to fluctuations in the foreign exchange rate between the U.S. dollar and the euro and changes in the EURIBOR. Each of these risks is discussed below.

Interest rate risk

Our exposure to market risk for changes in interest rates relates primarily to the Unitymedia KabelBW Revolving Credit Facilities (as defined and described in note 13), and to the extent any amounts are drawn, vendor financing arrangements.

With respect to our fixed-rate debt, changes in interest rates will impact the fair value of the debt instrument but not our cash flows. If, however, we were to refinance our fixed rate debt, we would be exposed to interest rate risk with respect to the debt we would incur with respect to any such refinancing.

While we and Liberty Global typically strive to mitigate this risk by refinancing well before the debt matures, no assurance can be given that we would be able obtain new debt financing on terms that are as attractive as our existing debt. As we do not carry our debt at fair value, changes in the fair value of our debt typically would not impact our results of operations.

For purposes of demonstrating the sensitivity of the interest expense on the Unitymedia KabelBW Revolving Credit Facilities (as defined and described in note 13) to changes in interest rates, we present the change that would result from a hypothetical instantaneous change in the 3-month EURIBOR of 50 basis points (0.50%) as of December 31, 2013, holding all other variables constant. This sensitivity analysis assumes that this hypothetical rate was in effect, and that all of the available borrowings under the Unitymedia KabelBW Revolving Credit Facilities were outstanding, for the entire year. This analysis is presented for illustrative purposes only. In practice, market rates rarely change in isolation and are likely to be interdependent. The annual impacts of these hypothetical changes in interest rates are as follows:

	Increase of 0.50%	Decrease of 0.50%
	in millions	
Increase (decrease) in interest expense	€ 2.1	€ (2.1)
Increase (decrease) in loss before income taxes	€ 2.1	€ (2.1)

Foreign currency risk

Our reporting currency is the euro. We historically have not had, and do not expect in the future to have, material amounts of cash inflows or outflows that are denominated in currencies other than the euro, with the exception of interest and principal payments on the UM Dollar Senior Secured Exchange Notes and the December 2012 UM Dollar Senior Secured Notes (each as defined and described in note 13). Accordingly, these interest and principal payments represent our only material foreign currency risk. In accordance with our and Liberty Global's risk management policies, we have entered into cross-currency swaps to synthetically convert the interest and principal payments due under the UM Dollar Senior Secured Exchange Notes and the December 2012 UM Dollar Senior Secured Notes into euros throughout the term of such notes.

For purposes of demonstrating the sensitivity of (i) the outstanding principal and accrued interest associated with the UM Dollar Senior Secured Exchange Notes and the December 2012 UM Dollar Senior Secured Notes (each as defined and described in note 13) and (ii) the fair value of the related cross-currency swaps to changes in foreign currency exchange rates, we present the changes in these items that would result from a hypothetical instantaneous change in the euro to U.S. dollar foreign currency exchange rate of 10% as of December 31, 2013, holding all other variables constant. This sensitivity analysis assumes that the UM Dollar Senior Secured Exchange Notes and the December 2012 UM Dollar Senior Secured Notes and the related cross-currency swaps were outstanding for the entire year. This analysis is presented for illustrative purposes only. In practice, market rates rarely change in isolation and are likely to be interdependent. The annual impacts of these hypothetical changes in foreign exchange rates are as follows:

	Value of euro relative to U.S. dollar	
	10% increase	10% decrease
	in millions	
Increase (decrease) in foreign currency transaction gains	€ 105.8	€ (105.8)
Decrease (increase) in loss associated with change in fair value of cross-currency swaps	(134.9)	134.9
Decrease (increase) in loss before income taxes	€ (29.1)	€ 29.1

Capital Management

We manage our capital to ensure that we will be able to continue as a going concern in order to provide returns for our shareholder and benefits for other stakeholders and to maintain an optimal capital structure

to reduce the cost of capital. In order to maintain or adjust the capital structure, Liberty Global may determine to cause our company to return capital to our shareholder or make loans to our shareholder or other Liberty Global subsidiaries. In addition, Liberty Global may determine to cause one or more of its subsidiaries to provide funding to our company in the form of loans or capital contributions, as applicable.

We monitor our debt capital on the basis of our leverage covenants. As further discussed above, our ability to service or refinance our debt and to maintain compliance with our leverage covenants is dependent primarily on our ability to maintain or increase the Adjusted EBITDA of our operating subsidiaries and to achieve adequate returns on our capital expenditures and acquisitions. For additional information regarding our debt, see note 13.

(5) Common Control Transfer and Acquisition

In May 2012, in conjunction with the Unitymedia KabelBW Exchange (as defined and described in note 13), UPC Germany completed the KBW Fold-in by transferring its 100% ownership interest in UPC Germany Holdings to Unitymedia Hessen. We have accounted for this common control transfer at carryover basis and the applicable prior period information has been retrospectively revised to give effect to the change in reporting entities for all periods during which we and the Kabel BW Group were under the common control of Liberty Global (namely all periods beginning on or after the December 15, 2011 acquisition of a then indirect parent of KBW by a then indirect subsidiary of UPC Germany Holdings). Prior to December 15, 2011, UPC Germany Holdings had no operating results, cash flows or capital transactions.

Consideration for the transfer of all outstanding shares of UPC Germany Holdings to Unitymedia Hessen in the amount of €1,230.0 million was based upon a valuation of UPC Germany Holdings as of the date of transfer. This amount, which was settled in the form of the 2012 Shareholder Loan (as defined and described in note 13) to UPC Germany, was recorded as a capital transaction during the second quarter of 2012.

Acquisition of KBW

On December 15, 2011, UPC Germany HoldCo 2 GmbH (UPC Germany HC2), a then wholly-owned subsidiary of UPC Germany Holdings, acquired all of the outstanding shares of Kabel BW Musketeer GmbH (KBW Musketeer) pursuant to a sale and purchase agreement dated March 21, 2011 with Oskar Rakso S.àr.l (Oskar Rakso) as the seller. KBW Musketeer was the indirect parent company of KBW. UPC Germany HC2's cost to acquire KBW Musketeer has been reflected in these consolidated financial statements as of the December 15, 2011 acquisition date. At closing, Oskar Rakso transferred its KBW Musketeer shares and assigned the balance of a loan receivable from KBW Musketeer to UPC Germany HC2 in consideration of UPC Germany HC2's payment of €1,062.4 million in cash (the KBW Purchase Price). UPC Germany provided an €892.5 million capital contribution and a €169.9 million intercompany loan to UPC Germany HC2 to fund the KBW Purchase Price. The KBW Purchase Price, together with KBW's consolidated net debt at December 15, 2011 (aggregate fair value of debt and finance lease obligations outstanding less cash and cash equivalents) of €2,153.4 million, resulted in total consideration of €3,215.8 million. The acquisition was completed in order to achieve certain financial, operational and strategic benefits through the integration of KBW with our company, and, to a lesser extent, with Liberty Global's other broadband communications operations in Europe.

As part of a reorganization that was effected through a series of mergers and consolidations, KBW Musketeer and its immediate subsidiary, Kabel BW Erste Beteiligungs GmbH, were merged into UPC Germany HC2 and UPC Germany HC2 was subsequently merged into KBW. As a result of these transactions, which were effective upon registration in March 2012, UPC Germany HoldCo1 GmbH (UPC Germany HC1) became the immediate parent company of KBW and the issuer of the KBW Senior Notes (as defined and described in note 13). As a result of the May 2012 completion of the KBW Fold-in (as described in note 1), the immediate parent of UPC Germany HC1 became part of our consolidated borrowing group. For additional information, see note 13. Additionally, UPC Germany HC1 and Kabel Baden-Württemberg Verwaltungs-GmbH were merged into KBW in August 2012.

The LG/KBW Transaction was subject to the approval of the Federal Cartel Office (FCO) in Germany, which approval was received in December 2011 upon final agreement of certain commitments we made to address the competition concerns of the FCO, as outlined below:

(a) We committed to the distribution of basic digital television channels (as opposed to channels marketed in premium subscription packages) on our entire network in unencrypted form. This commitment, with which we have complied, generally covers free-to-air television channels in standard definition and high definition (HD) and is consistent with the practice that had been adopted by KBW prior to the LG/KBW Transaction. If, however, free-to-air television broadcasters request their HD content to be distributed in an encrypted HD package, the encryption of free-to-air HD channels is still possible. In addition, we made a commitment that, through December 31, 2016, the annual carriage fees we receive for each such free-to-air television channel distributed in digital or simulcast in digital and analog would not exceed a specified annual amount, determined by applying our applicable rate card systems of as of January 1, 2012;

(b) Effective January 1, 2012, we waived our exclusivity rights in access agreements with housing associations with respect to the usage of infrastructures other than our in-building distribution networks to provide television, broadband internet or fixed-line telephony services within the building;

(c) Effective January 1, 2012, upon expiration of the minimum term of an access agreement with a housing association, we transferred the ownership rights to the in-building distribution network to the building owner or other party granting access. In addition, we waived our right to remove our in-building distribution networks; and

(d) A special early termination right was granted with respect to certain of our existing access agreements (the Remedy HA Agreements) with the largest housing associations that cover more than 800 dwelling units and which had a remaining term of more than three years as of December 15, 2011. The total number of dwelling units covered by the Remedy HA Agreements was approximately 340,000 as of December 15, 2011. The special termination right may be exercised on or before September 30 of each calendar year up to the expiration of the current contract term, with termination effective as of January 1 or July 1 of the following year. If the special termination right is exercised, compensation will be paid to partially reimburse our company for its unamortized investments in modernizing the in-building network based on an agreed formula. To the extent we are successful in obtaining renewals of the Remedy HA Agreements, we expect that these renewed contracts will contain pricing and other provisions that are somewhat less favorable to our company than those in previous agreements. At December 31, 2013, approximately 14% of the dwelling units covered by the Remedy HA Agreements remain subject to special termination rights.

During the third quarter of 2013, the Düsseldorf Court of Appeal decided to overturn the FCO's decision to clear our acquisition of KBW. For additional information, see note 17.

We have accounted for the LG/KBW Transaction using the acquisition method of accounting, whereby the total purchase price was allocated to the acquired identifiable net assets based on assessments of their respective fair values, and the excess of the purchase price over the fair values of these identifiable net assets was allocated to goodwill.

A summary of the KBW Purchase Price and the opening balance sheet of KBW Musketeer as of the December 15, 2011 acquisition date is presented in the following table. The opening balance sheet presented below reflects our final purchase price allocation (in millions).

Cash and cash equivalents	€ 179.7
Other current assets[(a)]	46.3
Property and equipment, net	1,421.9
Goodwill[(b)]	1,405.6
Intangible assets subject to amortization[(c)]	694.5
Other noncurrent assets	27.0
Current portion of debt and finance lease obligations	(39.3)
Other current liabilities	(131.8)
Noncurrent debt and finance lease obligations	(2,293.8)
Other noncurrent liabilities	(247.7)
KBW Purchase Price	€ 1,062.4

(a) Includes trade accounts receivables of €18.9 million, net of an allowance for impairment of €4.9 million, and other current receivables of €2.4 million.

(b) The goodwill recognized is primarily attributable to (i) the ability to take advantage of the existing advanced broadband communications networks of KBW to gain immediate access to potential customers and (ii) substantial synergies that are expected to be achieved through the integration of KBW with our other broadband communications operations in Germany. We expect that €294.2 million of the goodwill recognized as of December 15, 2011 will be deductible for tax purposes.

(c) Amounts primarily include intangible assets related to customer relationships. At December 15, 2011, the weighted average useful life of KBW's intangible assets was approximately 10 years.

The following pro forma consolidated operating results for the year ended December 31, 2011 give effect to (i) the LG/KBW Transaction, (ii) the March 2011 Kabel BW Refinancing (as defined and described in note 13), and (iii) the change in the reporting entities associated with the KBW Fold-in as if such transactions had been completed as of January 1, 2011. As discussed above and further described in note 13, we issued the 2012 Shareholder Loan to UPC Germany in connection with the KBW Fold-in. No interest expense on the 2012 Shareholder Loan is reflected in the following pro forma results prior to the May 2012 issuance date. These pro forma amounts are not necessarily indicative of the operating results that would have occurred if these transactions had occurred on such date. The pro forma adjustments are based on certain assumptions that we believe are reasonable.

	Year ended December 31, 2011
	in millions
Revenue:	
Subscription revenue:	
Video	€ 924.0
Broadband internet	220.8
Fixed-line telephony	292.5
Total cable subscription revenue	1,437.3
Mobile	2.8
Total subscription revenue	1,440.1
Non-subscription revenue	190.3
	1,630.4
Operating costs and expenses:	
OpEx	468.0
SG&A	198.7
Impairment, restructuring and other operating items, net	3.9
Related-party fees and allocations	35.8
	706.4
EBITDA	924.0
Depreciation and amortization	618.2
EBIT	305.8
Financial and other expense:	
Interest expense:	
Third-party	(425.2)
Related-party	(99.9)
Foreign currency transaction losses, net	(50.6)
Realized and unrealized gains on derivative instruments, net	18.0
Other income, net	0.8
Net financial and other expense	(556.9)
Loss before income taxes	(251.1)
Income tax benefit	40.7
Net loss	€ (210.4)
Further details of OpEx and SG&A:	
Direct costs (programming and copyright, interconnect and other)	€ 161.3
Network operating costs	158.0
Staff-related costs (excluding restructuring charges)	149.7
Sales and marketing costs	90.3
Outsourced labor and professional services	41.1
Other indirect costs	66.3
	€ 666.7
Further details of impairment, restructuring and other operating items, net:	
Restructuring credits	€ (0.2)
Gain on disposal of assets	(1.3)
Asset impairments	5.2
Direct acquisition costs and other	0.2
	€ 3.9

(6) Derivative Instruments

In general, we seek to enter into derivative instruments (i) to protect against increases in the interest rates on our variable-rate debt and (ii) in cases where market conditions or other factors may cause us to enter into borrowing arrangements that are not denominated in euros, to synthetically convert such debt into euros in order to provide for an economic hedge against exchange rate movements. In this regard, we have entered into various derivative instruments to manage interest rate exposure and foreign currency exposure with respect to the U.S. dollar. Portions of the notional amounts of the derivative instruments that were originally entered into by the Kabel BW Group in March 2011 in order to manage the U.S. dollar currency risks and the variable interest rate risks associated with the KBW Notes (as defined in note 13) were transferred to Unitymedia Hessen in connection with the KBW Fold-in and the remaining notional amounts were canceled. For additional information regarding the KBW Fold-in, see notes 5 and 13. Hedge accounting is not applied to our interest rate and cross-currency swaps.

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

	December 31, 2013			December 31, 2012		
	Current[a]	Noncurrent[a]	Total	Current[a]	Noncurrent[a]	Total
	in millions					
Assets:						
Cross-currency derivative contracts[b]	€ 1.7	€ 3.2	€ 4.9	€ 2.0	€ 56.9	€ 58.9
Liabilities:						
Cross-currency and interest rate derivative contracts[b]	€ 1.3	€ 25.4	€ 26.7	€ —	€ 5.7	€ 5.7

(a) Our current derivative assets and liabilities are included in other current assets and other current liabilities, respectively, and our noncurrent derivative assets and liabilities are included in other noncurrent assets and other noncurrent liabilities, respectively, in our consolidated balance sheets.

(b) We consider credit risk in our fair value assessments. As of December 31, 2013 and 2012, (i) the fair values of our cross-currency derivative contracts that represented assets have been increased (reduced) by credit risk valuation adjustments aggregating €0.1 million and (€4.5 million), respectively, and (ii) the fair values of our cross-currency derivative contracts that represented liabilities have been reduced by credit risk valuation adjustments aggregating €3.7 million and €1.7 million, respectively. The adjustments to our derivative assets relate to 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. The changes in the credit risk valuation adjustments associated with our cross-currency and interest rate derivative contracts resulted in net gains (losses) of €6.6 million, €6.7 million and (€7.4 million) during 2013, 2012 and 2011, respectively. These amounts are included in realized and unrealized gains (losses) on derivative instruments, net, in our consolidated statements of operations. For further information concerning our fair value measurements, see note 7.

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

	Year ended December 31,		
	2013	2012	2011
	in millions		
Cross-currency derivative contracts	€ (72.7)	€ (37.5)	€ 26.3
Interest rate derivative contracts[a]	—	(5.6)	(0.8)
Total	€ (72.7)	€ (43.1)	€ 25.5

(a) During the third quarter of 2012, our interest rate derivative contracts were terminated.

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

	Year ended December 31,		
	2013	2012	2011
	in millions		
Operating activities	€ 2.3	€ 0.8	€ (8.1)
Financing activities	—	(12.3)	—
Total	€ 2.3	€ (11.5)	€ (8.1)

The terms of our outstanding cross-currency swap contracts at December 31, 2013 are as follows:

Final maturity date[a]	Notional amount due from counterparty	Notional amount due to counterparty	Interest rate due from counterparty	Interest rate due to counterparty
	in millions			
January 2021	$ 1,000.0	€ 688.2	5.50%	5.58%
March 2019	$ 459.3	€ 326.5	7.50%	7.98%

(a) The notional amount of multiple derivative instruments that mature within the same calendar month are shown in the aggregate and interest rates are presented on a weighted average basis.

(7) Fair Value Measurements

Our derivative instruments are the only financial instruments that were accounted for at fair value as of December 31, 2013. The reported fair values of our derivative instruments as of December 31, 2013 likely will not represent the value that will be realized upon their ultimate settlement or disposition. In this regard, 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.

We disclose fair value measurements according to 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 our derivative instruments in or out of Levels 1, 2 or 3 at the beginning of the quarter during which the transfer occurred. During 2013, no such transfers were made.

All of our Level 2 inputs (interest rate futures, swap rates and certain of the inputs for our weighted average cost of capital calculations) and certain of our Level 3 inputs (credit spreads) are obtained from pricing services. These inputs, or interpolations or extrapolations thereof, are used in our internal models to calculate, among other items, yield curves, forward interest and currency rates and weighted average cost of capital 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.

As further described in note 6, 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. All but one 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 applicable 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 are Level 3 inputs that 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 6.

We do not have any financial instruments that fall under Level 1 or Level 3 of the fair value hierarchy.

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 cash-generating 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 our company 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. We performed nonrecurring fair value measurements in connection with our October 1, 2013 impairment test and the LG/KBW Transaction. The discount rate used to value the customer relationships acquired in the LG/KBW Transaction was 10%. See notes 5 and 8.

The fair values of financial assets and liabilities, together with the carrying amounts shown in our consolidated balance sheets, are as follows:

	Category[a]	December 31, 2013		December 31, 2012	
		Carrying amount	Fair value	Carrying amount	Fair value
		in millions			
Assets carried at fair value — derivative financial instruments	I	€ 4.9	€ 4.9	€ 58.9	€ 58.9
Assets carried at cost or amortized cost:					
Trade receivables and unbilled revenue	II	€ 111.5	€ 111.5	€ 111.2	€ 111.2
Restricted cash	II	1.6	€ 1.6	1.8	€ 1.8
Loan receivable — related-party	II	413.2	(b)	168.7	(b)
Other current and noncurrent financial assets	II	44.5	€ 44.5	8.0	€ 8.0
Cash and cash equivalents	II	13.6	€ 13.6	20.2	€ 20.2
Total assets carried at cost or amortized cost		€ 584.4		€ 309.9	
Liabilities carried at fair value — derivative financial instruments	I	€ 26.7	€ 26.7	€ 5.7	€ 5.7
Liabilities carried at cost or amortized cost:					
Debt obligations	III	€ 5,640.3	€ 5,983.1	€ 5,196.7	€ 5,707.8
Loans payable — related-party	III	1,219.5	(b)	1,397.8	(b)
Accrued liabilities (including related-party)	III	194.5	€ 194.5	214.4	€ 214.4
Accounts payable and other (including related-party accounts payable)	III	92.6	€ 92.6	109.5	€ 109.5
Finance lease obligations	V	5.6	€ 5.6	6.2	€ 6.2
Total liabilities carried at cost or amortized cost		€ 7,152.5		€ 6,924.6	

(a) Pursuant to IAS 39, category I refers to financial assets and liabilities held for trading, category II refers to loans and receivables, category III refers to financial liabilities measured at amortized cost and category IV refers to derivatives designated as hedging instruments. Category V refers to finance leases outside the scope of IAS 39.

(b) Due to the related-party nature of these loans, the fair value is not subject to reasonable estimation.

Pre-tax amounts recognized in our consolidated statements of operations for 2013, 2012 and 2011 related to our financial assets and liabilities are as follows:

	Interest income	Interest expense	Other statement of operations effects[a]	Impact on loss before income taxes
	in millions			
Year ended December 31, 2013:				
Derivative assets carried at fair value through our consolidated statement of operations	€ —	€ —	€ (51.6)	€ (51.6)
Assets carried at cost or amortized cost:				
Trade receivables[b]	0.7	—	(14.4)	(13.7)
Loans receivable (including related-party)	8.0	—	—	8.0
Derivative liabilities carried at fair value through our consolidated statement of operations	—	—	(21.1)	(21.1)
Liabilities carried at cost or amortized cost	—	(525.2)	(35.7)	(560.9)
	€ 8.7	€ (525.2)	€ (122.8)	€ (639.3)
Year ended December 31, 2012:				
Derivative assets carried at fair value through our consolidated statement of operations	€ —	€ —	€ (31.8)	€ (31.8)
Assets carried at cost or amortized cost:				
Trade receivables[b]	—	—	(8.9)	(8.9)
Loans receivable (including related-party)	2.7	—	—	2.7
Derivative liabilities carried at fair value through our consolidated statement of operations	—	—	(11.3)	(11.3)
Liabilities carried at cost or amortized cost	—	(522.1)	(123.5)	(645.6)
	€ 2.7	€ (522.1)	€ (175.5)	€ (694.9)
Year ended December 31, 2011:				
Derivative assets carried at fair value through our consolidated statement of operations	€ —	€ —	€ 26.4	€ 26.4
Assets carried at cost or amortized cost:				
Trade receivables[b]	—	—	(5.1)	(5.1)
Loans receivable (including related-party)	0.5	—	—	0.5
Derivative liabilities carried at fair value through our consolidated statement of operations	—	—	(0.9)	(0.9)
Liabilities carried at cost or amortized cost	—	(352.1)	(21.6)	(373.7)
	€ 0.5	€ (352.1)	€ (1.2)	€ (352.8)

(a) Except as noted in (b) below, amounts are included in net financial and other expense in our consolidated statements of operations.

(b) The other statement of operations effects for trade receivables represent provisions for impairment of trade receivables and are included in OpEx in our consolidated statements of operations.

(8) Long-lived Assets

Property and Equipment, Net

Changes during 2013 and 2012 in the carrying amounts of our property and equipment, net, are set forth below:

	Cable distribution systems	Customer premises equipment	Support equipment, buildings and land	Total
	in millions			
Cost:				
January 1, 2013	€ 3,749.2	€ 368.1	€ 185.4	€ 4,302.7
Additions	229.7	116.6	20.9	367.2
Retirements and disposals	(31.5)	(14.1)	(7.0)	(52.6)
Reclassification to intangible assets	—	—	(11.6)	(11.6)
Impairment	—	(5.3)	—	(5.3)
December 31, 2013	€ 3,947.4	€ 465.3	€ 187.7	€ 4,600.4
Accumulated depreciation:				
January 1, 2013	€ 639.0	€ 135.9	€ 47.4	€ 822.3
Depreciation	323.4	76.2	27.4	427.0
Retirements and disposals	(31.5)	(14.1)	(7.0)	(52.6)
December 31, 2013	€ 930.9	€ 198.0	€ 67.8	€ 1,196.7
Property and equipment, net:				
December 31, 2013	€ 3,016.5	€ 267.3	€ 119.9	€ 3,403.7

	Cable distribution systems	Customer premises equipment	Support equipment, buildings and land	Total
	in millions			
Cost:				
January 1, 2012	€ 3,502.6	€ 247.8	€ 150.4	€ 3,900.8
Additions	259.2	126.7	37.5	423.4
Retirements and disposals	(12.6)	(6.4)	(2.5)	(21.5)
December 31, 2012	€ 3,749.2	€ 368.1	€ 185.4	€ 4,302.7
Accumulated depreciation:				
January 1, 2012	€ 340.4	€ 71.7	€ 28.0	€ 440.1
Depreciation	309.2	68.9	23.3	401.4
Retirements and disposals	(10.6)	(4.7)	(3.9)	(19.2)
December 31, 2012	€ 639.0	€ 135.9	€ 47.4	€ 822.3
Property and equipment, net:				
December 31, 2012	€ 3,110.2	€ 232.2	€ 138.0	€ 3,480.4

During 2013 and 2012, no borrowing costs were capitalized.

For information concerning purchase obligations for property and equipment, see note 17. For information concerning pledged assets, see note 13.

Goodwill

We performed our annual review for impairment as of October 1, 2013 and we concluded that the full amount of our goodwill was recoverable. The key assumptions for the value in use calculations used to determine the recoverable amount are those regarding weighted average cost of capital (WACC) and discount rates and expected changes to selling prices/product offerings and direct costs during the period.

These key assumptions were primarily derived from internal sources and external market data and are based on past experience including estimates on the development of revenue and direct cost, customer acquisition and retention costs, churn rates, capital expenditures, market share and growth rates. The calculation uses cash flow projections based on financial budgets approved by management, and projections or extrapolations of our long range plan through 2023. A WACC of 9.5% was applied to the projected cash flows based on the current market assessments of the time value of money and the risks specific to our company and our business plan. Cash flows beyond the 10-year period have been extrapolated using a steady 2.5% growth rate based on historical experience. A period of 10 years prior to implementing a continuing growth rate in the cash flow model is deemed reasonable due to the long-term capital intensive nature of our industry. We believe that any reasonably possible changes in the key assumptions on which the recoverable amount is based would not cause the carrying amount of our goodwill to exceed its recoverable amount.

The carrying amount of goodwill was unchanged during 2013. Changes during 2012 are set forth below (in millions):

January 1, 2012	€ 2,843.0
Adjustments[(a)]	(1.3)
December 31, 2012	€ 2,841.7

(a) Represents the net effect of adjustments recorded to the preliminary acquisition accounting with respect to the LG/KBW Transaction. For additional information, see note 5.

Intangible Assets Subject to Amortization, Net

Changes during 2013 and 2012 in the carrying amounts of our finite-lived intangible assets are set forth below:

	Customer relationships	Subscriber acquisition costs	Other[(a)]	Total
		in millions		
Cost:				
January 1, 2013	€ 1,358.6	€ 72.8	€ 90.1	€ 1,521.5
Additions	—	69.7	41.8	111.5
Retirements and disposals	—	(42.0)	(26.1)	(68.1)
Reclassification from property and equipment	—	—	11.6	11.6
December 31, 2013	€ 1,358.6	€ 100.5	€ 117.4	€ 1,576.5
Accumulated amortization:				
January 1, 2013	€ 349.1	€ 29.1	€ 42.9	€ 421.1
Amortization	161.7	58.9	31.0	251.6
Retirements and disposals	—	(42.0)	(26.1)	(68.1)
December 31, 2013	€ 510.8	€ 46.0	€ 47.8	€ 604.6
Intangible assets subject to amortization, net:				
December 31, 2013	€ 847.8	€ 54.5	€ 69.6	€ 971.9

(a) Primarily includes computer software costs and trade names.

	Customer relationships	Subscriber acquisition costs	Other[a]	Total
		in millions		
Cost:				
January 1, 2012	€ 1,358.6	€ 53.7	€ 81.1	€ 1,493.4
Additions	—	73.0	10.6	83.6
Retirements and disposals	—	(53.9)	(1.6)	(55.5)
December 31, 2012	€ 1,358.6	€ 72.8	€ 90.1	€ 1,521.5
Accumulated amortization:				
January 1, 2012	€ 189.0	€ 26.6	€ 23.5	€ 239.1
Amortization	160.1	56.4	21.0	237.5
Retirements and disposals	—	(53.9)	(1.6)	(55.5)
December 31, 2012	€ 349.1	€ 29.1	€ 42.9	€ 421.1
Intangible assets subject to amortization, net:				
December 31, 2012	€ 1,009.5	€ 43.7	€ 47.2	€ 1,100.4

(a) Primarily includes computer software costs and trade names.

(9) Trade Receivables and Unbilled Revenue, Net

The details of our trade receivables and unbilled revenue are set forth below:

	December 31,	
	2013	2012
	in millions	
Trade receivables, gross	€ 56.7	€ 56.5
Allowance for impairment of trade receivables	(10.4)	(9.9)
Trade receivables, net	46.3	46.6
Unbilled revenue	65.2	64.6
Trade receivables and unbilled revenue, net	€ 111.5	€ 111.2
Noncurrent unbilled revenue[a]	€ 4.4	€ 3.5
Current trade receivables and unbilled revenue, net	€ 107.1	€ 107.7

(a) Noncurrent unbilled revenue, which primarily results from revenue accrued for free and discounted services and other customer incentives during promotional periods, is included in other noncurrent assets in our consolidated balance sheets.

The detailed aging of current trade receivables and related impairment amounts as of December 31, 2013 and 2012 is set forth below:

	December 31, 2013		December 31, 2012	
	Gross trade receivables	Allowance for impairment	Gross trade receivables	Allowance for impairment
	in millions			
Days past due:				
Current	€ 11.6	€ —	€ 16.1	€ —
1 - 30	18.2	0.3	16.7	0.3
31 - 60	7.9	0.2	5.5	0.6
61 - 90	6.4	1.1	3.8	0.8
Over 90	12.6	8.8	14.4	8.2
Total	€ 56.7	€ 10.4	€ 56.5	€ 9.9

At December 31, 2013 and 2012, a total of €34.7 million and €30.5 million, respectively, was past due but not impaired. With respect to these trade receivables, there are no indications that the subscribers will not meet their payment obligations.

The following table shows the development of the allowance for impairment of trade receivables:

	2013	2012
	in millions	
Allowance at January 1	€ 9.9	€ 17.0
Provisions for impairment of receivables	14.4	8.9
Write-offs of receivables	(13.9)	(16.0)
Allowance at December 31	€ 10.4	€ 9.9

When a trade receivable is uncollectible, it is written off against the allowance account. Provisions for impairment of trade receivables are included in OpEx in our consolidated statements of operations. We do not hold trade receivables in any foreign currencies.

(10) Other Noncurrent Assets

The details of our other noncurrent assets are set forth as follows:

	December 31,	
	2013	2012
	in millions	
Loan receivable — related-party[(a)]	€ 33.0	€ —
Prepaid fiber leases	13.1	15.9
Unbilled revenue	4.4	3.5
Derivative instruments	3.2	56.9
Restricted cash	1.6	1.8
Other	6.9	8.6
Total other noncurrent assets	€ 62.2	€ 86.7

(a) Amount represents the UMI Loan Receivable (as defined and described in note 16).

(11) Accrued Liabilities, Third-Party

The details of our accrued liabilities, third-party, are set forth as follows:

	December 31,	
	2013	2012
	in millions	
Accrued expenses (other than payroll related accruals)	€ 123.5	€ 138.5
Accrued capital expenditures	28.0	32.4
Accrued payroll related compensation and benefits	21.8	23.0
Total accrued liabilities, third-party	€ 173.3	€ 193.9

(12) Provisions

The details of our provisions are set forth as follows:

	December 31,	
	2013	2012[a]
	in millions	
Net pension liability	€ 24.2	€ 22.1
Other	25.1	19.8
Total provisions	€ 49.3	€ 41.9
Current portion	€ 23.5	€ 17.9
Noncurrent portion	€ 25.8	€ 24.0

(a) As retrospectively revised — see note 2.

The following table shows the development of provisions:

	Net pension liability	Other	Total
		in millions	
January 1, 2013	€ 22.1	€ 19.8	€ 41.9
Additions	2.3	10.3	12.6
Releases	(0.2)	(3.4)	(3.6)
Cash payments	—	(1.6)	(1.6)
December 31, 2013	€ 24.2	€ 25.1	€ 49.3
January 1, 2012	€ 16.3	€ 24.5	€ 40.8
Additions[a]	6.1	5.8	11.9
Releases	(0.2)	(7.6)	(7.8)
Cash payments	(0.1)	(2.9)	(3.0)
December 31, 2012[a]	€ 22.1	€ 19.8	€ 41.9

(a) As retrospectively revised — see note 2.

Employee benefit-related expenses associated with (i) our contributions to the German statutory pension system, (ii) our defined contribution plan, (iii) our defined benefit pension plan and (iv) our direct insurance aggregated €17.2 million, €16.1 million and €10.0 million during 2013, 2012 and 2011, respectively.

(13) Debt and Finance Lease Obligations

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

	December 31, 2013			Estimated fair value[a]		Carrying value[b]	
	Interest rate[c]	Borrowing currency	Euro equivalent	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
				in millions			
Third-party debt:							
Parent:							
2009 UM Senior Notes[d]	9.625%	€ 665.0	€ 665.0	€ 738.6	€ 749.0	€ 654.0	€ 652.7
UM Senior Exchange Notes[d]	9.500%	€ 618.0	618.0	719.6	718.8	616.5	616.3
Subsidiaries:							
2009 UM Euro Senior Secured Notes[d][e]	— %	€ —	—	—	981.3	—	892.5
UM Euro Senior Secured Exchange Notes[d]	7.500%	€ 735.1	735.1	801.3	810.9	740.3	741.1
UM Dollar Senior Secured Exchange Notes[d]	7.500%	$ 459.3	333.1	361.8	383.5	338.3	354.0
September 2012 UM Senior Secured Notes[d]	5.500%	€ 650.0	650.0	671.5	668.7	650.0	650.0
December 2012 UM Dollar Senior Secured Notes[d]	5.500%	$ 1,000.0	725.2	707.1	785.7	725.2	757.8
December 2012 UM Euro Senior Secured Notes[d]	5.750%	€ 500.0	500.0	517.5	521.9	500.0	500.0
January 2013 UM Senior Secured Notes[d]	5.125%	€ 500.0	500.0	500.6	—	500.0	—
April 2013 UM Senior Secured Notes[d]	5.625%	€ 350.0	350.0	355.5	—	350.0	—
November 2013 UM Senior Secured Notes[d]	6.250%	€ 475.0	475.0	470.5	—	475.0	—
New Unitymedia KabelBW Revolving Credit Facility[f]	3.413%	€ 337.5	337.5	—	—	—	—
Unitymedia KabelBW Revolving Credit Facility[f]	2.663%	€ 80.0	80.0	—	—	—	—
Vendor financing[g]	3.590%	€ 36.0	36.0	36.0	19.8	36.0	19.8
Total third-party debt before transaction costs and accrued interest	6.864%		6,004.9	€ 5,880.0	€ 5,639.6	5,585.3	5,184.2
Transaction costs						(48.1)	(55.7)
Accrued interest — third-party						103.1	68.2
Total third-party debt						5,640.3	5,196.7
Related-party debt (note 16):							
2010 Shareholder Loan[h]	8.125%	€ 126.1	126.1	(h)	(h)	126.1	70.4
2012 Shareholder Loan[i]	9.625%	€ 961.4	961.4	(i)	(i)	961.4	1,230.0
2013 Shareholder Capex Loan[j]	7.500%	€ 11.8	11.8	(j)	(j)	11.8	—
UMI Loan[k]	— %	€ —	—	(k)	(k)	—	11.4
Total related-party debt before accrued interest	9.430%		1,099.3			1,099.3	1,311.8
Accrued interest — related-party						120.2	86.0
Total related-party debt						1,219.5	1,397.8
Total debt	7.286%		€ 7,104.2			6,859.8	6,594.5
Finance lease obligations						5.6	6.2
Total debt and finance lease obligations						6,865.4	6,600.7
Current portion						(139.5)	(89.7)
Noncurrent portion						€ 6,725.9	€ 6,511.0

(a) The estimated fair values of our debt instruments were 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 7.

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

(c) Represents the stated interest rate of the debt instrument as of December 31, 2013 and does not include the impact of our deferred financing costs, premiums or discounts or commitment fees, all of which affect our overall cost of borrowing. Including the effects of derivative instruments, discounts and commitment fees, but excluding the impact of financing costs, our weighted average interest rate on our aggregate third-party indebtedness was approximately 7.0% at December 31, 2013. For information concerning our derivative instruments, see note 6.

(d) We collectively refer to the 2009 UM Senior Notes, UM Senior Exchange Notes, the 2009 UM Euro Senior Secured Notes, the UM Euro Senior Secured Exchange Notes, the UM Dollar Senior Secured Exchange Notes, the September 2012 UM Senior Secured Notes, the December 2012 UM Dollar Senior Secured Notes, the December 2012 UM Euro Senior Secured Notes, the January 2013 UM Senior Secured Notes, the April 2013 UM Senior Secured Notes and the November 2013 UM Senior Secured Notes, each defined below, as the "Unitymedia KabelBW Notes."

(e) As further described below, during the fourth quarter of 2013, the remaining 2009 UM Euro Senior Secured Notes (as defined below) were redeemed.

(f) Unused borrowing capacity represents the maximum availability under the applicable facility at December 31, 2013 without regard to covenant compliance calculations. At December 31, 2013, our availability under the Unitymedia KabelBW Revolving Credit Facilities (as defined and described below), was limited to €214.5 million. When the December 31, 2013 compliance reporting requirements have been completed and assuming no changes from December 31, 2013 borrowing levels, we anticipate that the entire €417.5 million borrowing capacity of the Unitymedia KabelBW Revolving Credit Facilities will be available to be borrowed.

(g) Represents amounts owed pursuant to interest-bearing vendor financing arrangements that are generally due within one year. Repayments of vendor financing obligations are included in repayments of third-party debt and finance lease obligations in our consolidated statements of cash flows.

(h) Represents a loan payable to our shareholder, UPC Germany, that originated on December 1, 2010 (the 2010 Shareholder Loan). The 2010 Shareholder Loan bears interest at 8.125% per annum and accrued interest is transferred to the loan balance annually on January 1. All principal and accrued interest on this loan (collectively €134.8 million at December 31, 2013) is due and payable on the maturity date of January 1, 2030. The net increase in the principal amount during 2013 includes (i) a non-cash increase of €50.4 million related to the settlement of related-party payables and (ii) the transfer of €5.3 million in non-cash accrued interest to the loan balance. The net decrease in the principal amount of the 2010 Shareholder Loan during 2012 includes (i) cash borrowings of €856.8 million, (ii) cash payments of €838.4 million, (iii) the conversion of €92.6 million to equity, (iv) a €60.1 million non-cash decrease related to settlements against amounts outstanding pursuant to the UPC Germany Loan Receivable (as defined and described in note 16), (v) the transfer of €13.9 million in non-cash accrued interest to the loan balance and (vi) a non-cash increase of €11.6 million related to the settlement of related-party payables. The net decrease in the principal amount of the 2010 Shareholder Loan during 2011 includes (a) the conversion of €1,014.0 million to equity, (b) the transfer of €85.8 million in non-cash accrued interest to the loan balance, (c) cash borrowings of €82.0 million, (d) cash payments of €82.0 million and (e) a non-cash increase of €26.2 million related to the settlement of related-party payables. The fair value of this loan is not subject to reasonable estimation due to the related-party nature of the loan.

(i) Represents a loan payable to our shareholder, UPC Germany, issued in May 2012 as consideration for all outstanding shares of UPC Germany Holdings transferred in connection with the KBW Fold-in (the 2012 Shareholder Loan). All principal and accrued interest (collectively €1,072.0 million at December 31, 2013) outstanding under this loan is due and payable on December 31, 2025. Interest accrues on the principal balance at 9.625% per annum, is subject to adjustment annually and is transferred to the loan balance annually on January 1. Amounts outstanding may be converted to equity at the option of UPC Germany. The net decrease in the principal amount during 2013 includes (i) cash payments of €348.3 million and (ii) the transfer of €79.7 million in non-cash accrued interest to the loan balance. The fair value of this loan is not subject to reasonable estimation due to the related-party nature of the loan.

(j) Represents a loan payable to our shareholder, UPC Germany, issued in September 2013 (the 2013 Shareholder Capex Loan). All principal and accrued interest (€12.7 million at December 31, 2013) outstanding under this loan is due and payable on January 1, 2030. The interest rate (7.500% as of December 31, 2013) is subject to adjustment on a quarterly basis. Interest is either (i) payable on the last day of each month or (ii) may be added to the outstanding principal amount. Amounts outstanding may be converted to equity at the option of UPC Germany. The fair value of this loan is not subject to reasonable estimation due to the related-party nature of the loan.

(k) The December 31, 2012 amount represents a loan payable to UMI (the UMI Loan), an entity that is consolidated by UPC Holding (as further described in note 3). UPC Holding is a subsidiary of Liberty Global that is outside of Unitymedia KabelBW. The UMI Loan, which was fully repaid in the second quarter of 2013, bore interest at an agreed upon rate (10.000% per annum during all periods that the loan was outstanding). The net decrease in the principal amount during 2013 includes (i) cash payments of €18.1 million, (ii) cash borrowings of €8.6 million, (iii) a decrease of €3.0 million related to the non-cash settlement of a distribution from UMI and (iv) the transfer of €1.1 million in non-cash accrued interest to the loan balance. The fair value of this loan is not subject to reasonable estimation due to the related-party nature of the loan.

Unitymedia KabelBW Notes and KBW Notes

Unitymedia KabelBW Exchange, Special Optional Redemptions and KBW Fold-in. In March 2011, certain members of the Kabel BW Group issued the KBW Notes, the net proceeds from which were primarily used to repay the Kabel BW Group's then existing debt and to settle the interest rate swap contracts associated with the bank loans (the March 2011 Kabel BW Refinancing). The KBW Notes consisted of (i) UPC Germany HC1's €680.0 million principal amount of 9.5% senior notes due 2021 (the KBW Senior Notes) and (ii) KBW's (a) €800.0 million principal amount of 7.5% senior secured notes due 2019 (the KBW Euro Senior Secured Notes), (b) $500.0 million (€382.0 million) principal amount of 7.5% senior secured notes due 2019 (the KBW Dollar Senior Secured Notes and together with the KBW Euro Senior Secured Notes, the KBW Senior Secured Fixed-Rate Notes) and (c) €420.0 million principal amount of senior secured floating-rate notes due 2018 (the KBW Senior Secured Floating-Rate Notes and together with the KBW Senior Secured Fixed-Rate Notes, the KBW Senior Secured Notes).

In May 2012, we completed (i) the exchange (the Unitymedia KabelBW Exchange) of (a) 90.9% of the outstanding principal amount of the KBW Senior Notes for an equal amount of UM Senior Exchange Notes (as defined and described below) and (b) 92.5% of the outstanding principal amount of the KBW Senior Secured Notes for an equal amount of UM Senior Secured Exchange Notes (as defined and described below), (ii) the redemption (the Special Optional Redemptions) of the remaining KBW Notes that were not exchanged pursuant to the Unitymedia KabelBW Exchange and (iii) the KBW Fold-in. The redemption price with respect to the Special Optional Redemptions was 101% of the applicable principal amount thereof, and such redemptions were initially funded with borrowings under the Unitymedia KabelBW Revolving Credit Facilities (as defined and described below). In connection with these transactions, we recognized a loss of €1.1 million representing the difference between the carrying value and redemption price of the debt redeemed pursuant to the Special Optional Redemptions.

The details of (i) the Unitymedia KabelBW Exchange and (ii) the Special Optional Redemptions are as follows:

KBW Notes	Outstanding principal amount prior to the Unitymedia KabelBW Exchange		Principal amount exchanged pursuant to the Unitymedia KabelBW Exchange		Principal amount redeemed pursuant to the Special Optional Redemptions	
	Borrowing currency	Euro equivalent[a]	Borrowing currency	Euro equivalent[a]	Borrowing currency	Euro equivalent[a]
	in millions					
KBW Senior Notes[b]	€ 680.0	€ 680.0	€ 618.0	€ 618.0	€ 62.0	€ 62.0
KBW Euro Senior Secured Notes[c]	€ 800.0	800.0	€ 735.1	735.1	€ 64.9	64.9
KBW Dollar Senior Secured Notes[d]	$ 500.0	382.0	$ 459.3	350.9	$ 40.7	31.1
KBW Senior Secured Floating-Rate Notes[e]	€ 420.0	420.0	€ 395.9	395.9	€ 24.1	24.1
Total		€ 2,282.0		€ 2,099.9		€ 182.1

(a) Translations are calculated as of the May 4, 2012 transaction date.

(b) The KBW Senior Notes tendered for exchange were exchanged for an equal principal amount of 9.5% senior notes issued by Unitymedia KabelBW due March 15, 2021 (the UM Senior Exchange Notes). Interest is payable semi-annually on March 15 and September 15.

(c) The KBW Euro Senior Secured Notes tendered for exchange were exchanged for an equal principal amount of 7.5% senior secured notes issued by Unitymedia Hessen and Unitymedia NRW (together, the UM Senior Secured Notes Issuers) due March 15, 2019 (the UM Euro Senior Secured Exchange Notes). Interest is payable semi-annually on March 15 and September 15.

(d) The KBW Dollar Senior Secured Notes tendered for exchange were exchanged for an equal principal amount of 7.5% senior secured notes issued by the UM Senior Secured Notes Issuers due March 15, 2019 (the UM Dollar Senior Secured Exchange Notes and, together with the UM Euro Senior Secured Exchange Notes, the UM Senior Secured Fixed-Rate Exchange Notes). Interest is payable semi-annually on March 15 and September 15.

(e) The KBW Senior Secured Floating-Rate Notes tendered for exchange were exchanged for an equal principal amount of senior secured floating rate notes issued by the UM Senior Secured Notes Issuers due March 15, 2018 (the UM Senior Secured Floating-Rate Exchange Notes and, together with the UM Senior Secured Fixed-Rate Exchange Notes, the UM Senior Secured Exchange Notes). The UM Senior Secured Floating-Rate Exchange Notes, prior to their redemption as described below, bore interest at a rate of EURIBOR plus 4.25%. We refer to the UM Senior Exchange Notes and the UM Senior Secured Exchange Notes collectively as the "UM Exchange Notes."

November 2013 UM Senior Secured Notes. On November 21, 2013, the UM Senior Secured Notes Issuers issued €475.0 million principal amount of 6.25% senior secured notes due January 15, 2029 (the November 2013 UM Senior Secured Notes). A portion of the net proceeds from the issuance of the November 2013 UM Senior Secured Notes were used to redeem all of the then outstanding 2009 UM Euro Senior Secured Notes (as defined and described below), including the related redemption premiums. During the fourth quarter of 2013, we recognized losses on debt extinguishment of €30.8 million, including a loss of (i) €18.2 million representing the difference between the principal amount and redemption price of the debt redeemed and (ii) €12.6 million associated with the write-off of deferred financing costs and an unamortized discount.

April 2013 UM Senior Secured Notes. On April 16, 2013, UM Senior Secured Notes Issuers issued €350.0 million principal amount of 5.625% senior secured notes due April 15, 2023 (the April 2013 UM Senior Secured Notes).

January 2013 UM Senior Secured Notes. On January 21, 2013, the UM Senior Secured Notes Issuers issued €500.0 million principal amount of 5.125% senior secured notes due January 21, 2023 (the January 2013 UM Senior Secured Notes). The net proceeds from the issuance of the January 2013 UM Senior Secured Notes were used to redeem a portion of the 2009 UM Euro Senior Secured Notes (as defined and described below). During the first quarter of 2013, we recognized losses on debt extinguishment of €52.6 million, including a loss of (i) €37.4 million representing the difference between the principal amount and redemption price of the debt redeemed and (ii) €15.2 million associated with the write-off of deferred financing costs and an unamortized discount.

December 2012 UM Senior Secured Notes. On December 14, 2012, the UM Senior Secured Notes Issuers issued $1.0 billion (€725.2 million) principal amount of 5.5% senior secured notes due January 15, 2023 (the December 2012 UM Dollar Senior Secured Notes) and €500.0 million principal amount of 5.75% senior secured notes due January 15, 2023 (the December 2012 UM Euro Senior Secured Notes, and together with the December 2012 UM Dollar Senior Secured Notes, the December 2012 UM Senior Secured Notes), each at par. The net proceeds from the issuance of the December 2012 UM Senior Secured Notes were used to purchase and redeem (i) all of the 2009 UM Dollar Senior Secured Notes (as defined and described below) and (ii) €524.0 million of the 2009 UM Euro Senior Secured Notes (as defined and described below). During the fourth quarter of 2012, we recognized losses on debt extinguishment of €133.7 million, including a loss of (a) €95.9 million representing the difference between the principal and redemption price of the debt redeemed and (b) €37.8 million associated with the write-off of deferred financing costs and an unamortized discount.

September 2012 UM Senior Secured Notes. On September 19, 2012, the UM Senior Secured Notes Issuers issued €650.0 million principal amount of 5.5% senior secured notes due September 15, 2022 (the September 2012 UM Senior Secured Notes). The net proceeds from the issuance of the September 2012 UM Senior Secured Notes were used to redeem in full the UM Senior Secured Floating-Rate Exchange Notes at a redemption price of 101%, with the remaining €241.8 million available for general corporate purposes. During the third quarter of 2012, we recognized losses on debt extinguishment of €8.6 million representing the difference between the carrying value and redemption price of the debt redeemed.

2009 UM Notes. In November 2009, Unitymedia KabelBW issued (i) €1,430.0 million principal amount of 8.125% senior secured notes (the 2009 UM Euro Senior Secured Notes) at an issue price of 97.844%, (ii) $845.0 million (€612.8 million) principal amount of 8.125% senior secured notes (the 2009 UM Dollar Senior Secured Notes and, together with the 2009 UM Euro Senior Secured Notes, the 2009 UM Senior Secured Notes) at an issue price of 97.844% and (iii) €665.0 million principal amount of 9.625% senior notes (the 2009 UM Senior Notes and together with the 2009 UM Senior Secured Notes, the 2009 UM Notes) at an issue price of 97.652%.

The 2009 UM Senior Notes and the UM Senior Exchange Notes are senior obligations of Unitymedia KabelBW that rank equally with all of the existing and future senior debt of Unitymedia KabelBW and are senior to all existing and future subordinated debt of Unitymedia KabelBW. The 2009 UM Senior Notes and the UM Senior Exchange Notes are secured by a first-ranking pledge over the shares of Unitymedia KabelBW and junior-priority share pledges and other asset security of certain subsidiaries of Unitymedia KabelBW.

The UM Senior Secured Exchange Notes, the September 2012 UM Senior Secured Notes, the December 2012 UM Senior Secured Notes, the January 2013 UM Senior Secured Notes, the April 2013 UM Senior Secured Notes and the November 2013 UM Senior Secured Notes are (i) senior obligations of the UM Senior Secured Notes Issuers that rank equally with all of the existing and future senior debt of each UM Senior Secured Notes Issuer and are senior to all existing and future subordinated debt of each of the UM Senior Secured Notes Issuers and (ii) are secured by a first-ranking pledge over the shares of Unitymedia KabelBW and the UM Senior Secured Notes Issuers and certain other share and/or asset security of Unitymedia KabelBW and certain of its subsidiaries.

The Unitymedia KabelBW 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 Consolidated Leverage Ratio test, as defined in the applicable indenture. The Unitymedia KabelBW Notes provide that any failure to pay principal prior to expiration of any applicable grace period, or any acceleration with respect to other indebtedness of €25.0 million or more in the aggregate of Unitymedia KabelBW or a UM Senior Secured Notes Issuer or any of the Restricted Subsidiaries (as defined in the applicable indenture) is an event of default under the Unitymedia KabelBW Notes.

Subject to the circumstances described below, the 2009 UM Senior Notes are non-callable until December 1, 2014, the UM Senior Exchange Notes are non-callable until March 15, 2016, the UM Senior Secured Fixed-Rate Exchange Notes are non-callable until March 15, 2015, the September 2012 UM Senior Secured Notes are non-callable until September 15, 2017, the December 2012 UM Senior Secured Notes are non-callable until January 15, 2018, the January 2013 UM Senior Secured Notes are non-callable until January 21, 2018, the April 2013 UM Senior Secured Notes are non-callable until April 15, 2018 and the November 2013 UM Senior Secured Notes are non-callable until January 15, 2021.

At any time prior to December 1, 2014, in the case of the 2009 UM Senior Notes, March 15, 2016, in the case of the UM Senior Exchange Notes, March 15, 2015, in the case of the UM Senior Secured Fixed-Rate Exchange Notes, September 15, 2017, in the case of the September 2012 UM Senior Secured Notes, January 15, 2018, in the case of the December 2012 UM Senior Secured Notes, January 21, 2018, in the case of the January 2013 UM Senior Secured Notes, April 15, 2018, in the case of the April 2013 UM Senior Secured Notes, and January 15, 2021, in the case of the November 2013 UM Senior Secured Notes, Unitymedia KabelBW and the UM Senior Secured Notes Issuers (as applicable) may redeem some or all of these Unitymedia KabelBW Notes (as applicable) by paying a “make-whole” premium, which is the present value of all remaining scheduled interest payments to the redemption date using the discount rate (as specified in the applicable indenture) as of the redemption date plus 50 basis points.

Unitymedia KabelBW and the UM Senior Secured Notes Issuers (as applicable) may redeem some or all of the Unitymedia KabelBW Notes at the following redemption prices (expressed as a percentage of the principal amount) plus accrued and unpaid interest and Additional Amounts (as defined in the applicable indenture), if any, to the applicable redemption date, if redeemed during the twelve-month period commencing on December 1, in the case of the 2009 UM Senior Notes, March 15, in the case of the UM Senior Exchange Notes and the UM Senior Secured Fixed-Rate Exchange Notes, September 15, in the case of the September 2012 UM Senior Secured Notes, January 15, in the case of the December 2012 UM Senior Secured Notes and the November 2013 UM Senior Secured Notes, January 21, in the case of the January 2013 UM Senior Secured Notes, or April 15, in the case of the April 2013 UM Senior Secured Notes, of the years set forth below:

	Redemption Price								
Year	2009 UM Senior Notes	UM Senior Exchange Notes	UM Senior Secured Fixed-Rate Exchange Notes	September 2012 UM Senior Secured Notes	December 2012 UM Dollar Senior Secured Notes	December 2012 UM Euro Senior Secured Notes	January 2013 UM Senior Secured Notes	April 2013 UM Senior Secured Notes	November 2013 UM Senior Secured Notes
2014	104.813%	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2015	103.208%	N.A.	103.750%	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2016	101.604%	104.750%	101.875%	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2017	100.000%	103.167%	100.000%	102.750%	N.A.	N.A.	N.A.	N.A.	N.A.
2018	100.000%	101.583%	100.000%	101.833%	102.750%	102.875%	102.563%	102.813%	N.A.
2019	100.000%	100.000%	100.000%	100.917%	101.833%	101.917%	101.708%	101.875%	N.A.
2020	N.A.	100.000%	N.A.	100.000%	100.917%	100.958%	100.854%	100.938%	N.A.
2021	N.A.	100.000%	N.A.	100.000%	100.000%	100.000%	100.000%	100.000%	103.125%
2022	N.A.	N.A.	N.A.	100.000%	100.000%	100.000%	100.000%	100.000%	102.083%
2023	N.A.	N.A.	N.A.	N.A.	100.000%	100.000%	100.000%	100.000%	101.042%
2024 and thereafter	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	100.000%

In addition, prior to the dates below, the UM Senior Secured Notes Issuers may redeem up to 40% of the respective notes presented below at the following redemption prices:

Unitymedia KabelBW Notes	Redemption date	Redemption price
November 2013 UM Senior Secured Notes	January 15, 2017	106.250%
December 2012 UM Euro Senior Secured Notes	January 15, 2016	105.750%
April 2013 UM Senior Secured Notes	April 15, 2016	105.625%
September 2012 UM Senior Secured Notes	September 15, 2015	105.500%
December 2012 UM Dollar Senior Secured Notes	January 15, 2016	105.500%
January 2013 UM Senior Secured Notes	January 21, 2016	105.250%

KBW and its immediate parent (collectively, the New UM Guarantors) have granted, in addition to guarantees provided by Unitymedia KabelBW and/or certain of its subsidiaries, as applicable, of the 2009 UM Senior Notes, the January 2013 UM Senior Secured Notes, the April 2013 UM Senior Secured Notes and the November 2013 UM Senior Secured Notes and a senior subordinated guarantee of the 2009 UM Senior Notes. The New UM Guarantors have also granted a senior subordinated guarantee of the UM Senior Exchange Notes and a senior guarantee of the UM Senior Secured Exchange Notes, the September 2012 UM Senior Secured Notes and the December 2012 UM Senior Secured Notes. In addition, the New UM Guarantors have provided certain share and asset security in favor of the UM Senior Secured Exchange Notes, the September 2012 UM Senior Secured Notes, the December 2012 UM Senior Secured Notes, the January 2013 UM Senior Secured Notes, the April 2013 UM Senior Secured Notes and the November 2013 UM Senior Secured Notes.

If all or substantially all of the assets of (i) Unitymedia KabelBW and certain of its subsidiaries or (ii) the UM Senior Secured Notes Issuers and certain of their subsidiaries are disposed of or any other Change of Control (as defined in the relevant Unitymedia KabelBW Notes) is triggered, Unitymedia KabelBW and the UM Senior Secured Notes Issuers (as applicable) must offer to repurchase all of the relevant Unitymedia KabelBW Notes at a redemption price of 101% of the principal amount of such Unitymedia KabelBW Notes.

Unitymedia KabelBW Revolving Credit Facilities

On May 1, 2012, Unitymedia Hessen entered into a €312.5 million secured revolving credit facility agreement with certain lenders (the New Unitymedia KabelBW Revolving Credit Facility). On August 28, 2012, the New Unitymedia KabelBW Revolving Credit Facility was increased to €337.5 million. The interest rate for the New Unitymedia KabelBW Revolving Credit Facility is EURIBOR plus a margin of 3.25%. Borrowings under the New Unitymedia KabelBW Revolving Credit Facility mature on June 30, 2017. The New Unitymedia KabelBW Revolving Credit Facility provides for an annual commitment fee of 1.25% on the unused portion. Also on May 1, 2012, Unitymedia KabelBW's existing €80.0 million secured revolving credit facility (the Unitymedia KabelBW Revolving Credit Facility, and together with the New Unitymedia KabelBW Revolving Credit Facility, the Unitymedia KabelBW Revolving Credit Facilities) was amended whereby the maturity date was extended to June 30, 2017 and the interest rate was reduced to EURIBOR plus a margin of 2.50%. The Unitymedia KabelBW Revolving Credit Facility is senior to (i) the 2009 UM Notes, (ii) the UM Exchange Notes, (iii) the September 2012 UM Senior Secured Notes, (iv) the December 2012 UM Senior Secured Notes, (v) the January 2013 UM Senior Secured Notes, (vi) the April 2013 UM Senior Secured Notes, (vii) the November 2013 UM Senior Secured Notes and (viii) the New Unitymedia KabelBW Revolving Credit Facility. The Unitymedia KabelBW Revolving Credit Facility provides for an annual commitment fee of 1.00% on the unused portion. The Unitymedia KabelBW Revolving Credit Facilities may be used for general corporate and working capital purposes.

In addition to customary restrictive covenants and events of default, the Unitymedia KabelBW Revolving Credit Facilities require compliance with a Consolidated Leverage Ratio, as defined in the applicable facility. The Unitymedia KabelBW Revolving Credit Facilities are secured by a pledge over the shares of the borrower and certain other asset security of certain subsidiaries of Unitymedia KabelBW. The Unitymedia KabelBW Revolving Credit Facilities permit Unitymedia KabelBW to transfer funds to its parent company (and indirectly to Liberty Global) through loans, dividends or other distributions provided that Unitymedia KabelBW maintains compliance with applicable covenants. If a Change of Control occurs, as defined in the Unitymedia KabelBW Revolving Credit Facilities, each lender may cancel its commitments and declare all outstanding amounts immediately due and payable.

Maturities of Debt

For information concerning the maturities of our debt as of December 31, 2013, see note 4.

Non-cash Refinancing Transactions

During 2012, certain of our refinancing transactions included non-cash borrowings and repayments of debt aggregating €2,099.9 million.

(14) Income Taxes

Unitymedia KabelBW and its operating subsidiaries consist of three German taxpayers, two of which are German fiscal unities. A German fiscal unity combines individual tax paying entities as one taxpayer for German tax purposes. The combined details of our current and deferred income tax benefit (expense) that are included in our consolidated statements of operations are as follows:

	Year ended December 31,		
	2013	2012	2011
		in millions	
Current tax benefit (expense)	€ (10.0)	€ 3.0	€ (10.5)
Deferred tax benefit (expense)	(38.4)	77.3	28.7
Total	€ (48.4)	€ 80.3	€ 18.2

The income tax benefit (expense) attributable to our loss before income taxes differs from the income tax benefit (expense) computed by applying the German income tax rate of 32.59% for 2013, 32.37% for 2012 and 31.88% for 2011 as a result of the following:

	Year ended December 31,		
	2013	2012	2011
	in millions		
Computed "expected" income tax benefit	€ 77.3	€ 109.9	€ 50.8
Loss of tax attributes due to a deemed change of control (a)	(67.3)	—	—
Non-deductible or non-taxable interest and other expenses (b)	(40.9)	(34.1)	(28.1)
Recognized (unrecognized) net operating losses and interest carryforwards, net	(15.4)	6.0	(1.2)
Other, net	(2.1)	(1.5)	(3.3)
Total	€ (48.4)	€ 80.3	€ 18.2

(a) The loss of tax attributes was recognized in connection with a transaction that was completed by our ultimate parent entity during the second quarter of 2013.

(b) The income tax expense for the year ended December 31, 2013 includes a net deferred tax expense of €1.3 million related to prior year non-deductible expenses. The income tax benefit for 2012 reflects certain amounts related to prior years, including a current net tax benefit of €3.0 million and a deferred tax benefit of €10.8 million from the reversal of an unrecognized interest carryforward. The income tax benefit for 2011 includes a current net tax benefit of €5.2 million related to prior years.

The details of our deferred tax balances at December 31, 2013 and our deferred tax benefit (expense) for the year ended December 31, 2013 are as follows:

	December 31, 2013		Year ended December 31, 2013	
	Deferred tax assets	Deferred tax liabilities	Recognition in statement of operations	Recognition in statement of comprehensive loss
	in millions			
Loss carryforwards	€ 334.1	€ —	€ (63.0)	€ —
Property and equipment	—	520.3	(3.7)	—
Intangible assets	—	259.6	36.3	—
Goodwill	—	42.0	(19.6)	—
Derivatives	33.7	—	23.6	—
Investments	—	29.5	7.5	—
Receivables	—	10.7	(0.5)	—
Loans	—	3.4	(17.5)	—
Provisions	3.3	—	(0.3)	0.2
Accrued interest expense	3.2	—	(0.6)	—
Debt obligations	—	—	—	—
Other	—	4.7	(0.6)	—
Net assets with liabilities within same jurisdiction	(374.3)	(374.3)	—	—
Total	€ —	€ 495.9	€ (38.4)	€ 0.2

The details of our deferred tax balances at December 31, 2012 and our deferred tax benefit for the year ended December 31, 2012 are as follows:

	December 31, 2012		Year ended December 31, 2012	
	Deferred tax assets	Deferred tax liabilities	Recognition in statement of operations	Recognition in statement of comprehensive loss
	in millions			
Loss carryforwards	€ 397.1	€ —	€ 92.1	€ —
Property and equipment	—	536.3	25.2	—
Intangible assets	—	300.2	37.3	—
Goodwill	—	19.3	(18.5)	—
Investments	—	16.0	0.1	—
Loans	13.3	—	13.3	—
Receivables	—	10.6	(1.8)	—
Derivatives	10.0	—	31.1	—
Accrued interest expense	6.1	—	(63.1)	—
Provisions[a]	3.6	—	0.6	1.3
Debt obligations	—	1.5	(38.2)	—
Other	0.5	4.4	(0.8)	—
Net assets with liabilities within same jurisdiction[a]	(430.6)	(430.6)	—	—
Total	€ —	€ 457.7	€ 77.3	€ 1.3

(a) As retrospectively revised — see note 2.

No deferred tax assets have been recognized for the following carryforwards:

	December 31,	
	2013	2012
	in millions	
Interest carryforwards	€ 106.1	€ 56.1
Trade tax loss carryforwards	€ —	€ 29.8
Corporate income tax loss carryforwards	€ 149.7	€ 149.7

Our tax loss carryforwards within each fiscal unity combine all companies' tax losses in that fiscal unity, however, certain jurisdictions limit the ability to offset taxable income of separate company or different tax groups with the tax losses associated with another separate company or group as a result of certain profit and loss pooling agreements made pursuant to relevant tax law. The use of these losses is limited while the agreement is in place. Some loss and interest carryforwards are forfeited due to change in control.

(15) Shareholder's Equity (Deficit)

Our share capital was €25,000 at December 31, 2013 and 2012 and has been fully paid. All of our shares are held by UPC Germany.

Changes in additional paid-in capital during 2012 include (i) a €1,230.0 million decrease for consideration issued in connection with the KBW Fold-in and (ii) a €100.4 million increase related to the conversion to equity of €92.6 million of principal and €7.8 million of accrued interest associated with the 2010 Shareholder Loan.

Changes in additional paid-in capital during 2011 include (i) a €892.5 million increase for a contribution of cash in connection with the LG/KBW Transaction, (ii) a €1,100.0 million increase related to the conversion to equity of €1,014.0 million of principal and €86.0 million of accrued interest associated with the 2010 Shareholder Loan and (iii) a cash contribution of €61.0 million for an investment in UMI, another Liberty Global subsidiary. For additional information concerning our investment in UMI, see note 16.

(16) Related-Party Transactions

Our related-party transactions consist of the following:

	Year ended December 31,		
	2013	2012	2011
	in millions		
OpEx	€ 12.2	€ 10.4	€ 5.8
SG&A	1.5	1.7	1.0
Allocated share-based compensation expense	2.0	1.1	0.5
Fees and allocations	76.4	53.7	35.8
Included in EBIT	92.1	66.9	43.1
Interest expense	120.6	98.1	99.9
Interest income	(7.8)	(1.7)	—
Share of associate gain	(2.5)	(3.3)	—
Included in net loss	€ 202.4	€ 160.0	€ 143.0
Property, equipment and intangible asset additions	€ 73.1	€ 22.1	€ 5.6

General. Depending on the nature of our related-party transactions, the amount of the charges or allocations may be based on (i) estimated or allocated costs, (ii) estimated or allocated costs plus a mark-up or (iii) commercially negotiated rates. In the case of related-party fees and allocations, the charges and allocations are based on our company's estimated share of the applicable costs (including personnel-related and other costs associated with the services provided) incurred by the other Liberty Global subsidiaries. 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 consolidated statements of operations are reflective of the costs that we would incur on a standalone basis.

OpEx. These amounts represent certain cash settled charges from other Liberty Global subsidiaries, including charges that originate with UPC Holding, to our company primarily for (i) technology-related costs based on the global contract of another Liberty Global subsidiary for encryption services and (ii) certain backbone costs.

SG&A. These amounts represent certain cash settled charges from other Liberty Global subsidiaries, including charges that originate with UPC Holding, to our company, primarily for software maintenance costs.

Allocated share-based compensation expense. These amounts are allocated to our company by Liberty Global and represent the share-based compensation associated with the Liberty Global share-based incentive awards held by certain employees of our subsidiaries. Awards consist of (i) share appreciation rights, (ii) restricted shares and restricted share units and (iii) performance-based restricted share units (PSUs). PSUs represent the right to receive one Liberty Global Class A ordinary share or Liberty Global Class C ordinary share, as applicable, subject to performance and vesting as determined by the compensation committee of Liberty Global's board of directors. Share-based compensation expense is reflected as an increase to shareholder's equity and is included in SG&A in our consolidated statements of operations.

During 2013, we recorded aggregate capital charges of €2.6 million in our consolidated statement of shareholder'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. These capital charges, which generally are loan settled, are based on the fair value of the underlying Liberty Global shares on the exercise or vesting date, as applicable.

Fees and allocations. These amounts represent charges that originate with UPC Holding and other Liberty Global subsidiaries and include charges for management, finance, legal, technology, marketing and other services that support our company's broadband communications operations. The quarterly amounts charged are based on estimated costs that are reviewed and revised on an annual basis, with any differences between the revised and estimated amounts recorded in the period identified. Charges that originate with

UPC Holding may be cash or loan settled. With respect to the amounts settled during 2013, 2012 and 2011, all amounts were loan settled with the exception of €25.6 million and €25.8 million that were cash settled during 2013 and 2012, respectively.

In addition, in December 2012, Liberty Global Services B.V., a subsidiary of UPC Holding, entered into a sub-license agreement with UPC Germany and UPC Germany, in turn, entered into a sub-license agreement with our company for the use of the UPC trademark through April 2, 2017. The sub-license agreement between UPC Germany and our company was effective April 2, 2012 (the date of initial commercial use by Unitymedia KabelBW) and provides for an annual fee for the use of the UPC trademark equal to 0.5% of our revenue (as defined in the sub-license agreement). Fees of €9.6 million and €5.0 million were recorded during 2013 and 2012, respectively. Sub-license fees are payable quarterly and are loan settled unless otherwise determined by UPC Germany.

Interest expense. Related-party interest expense relates to (i) our 2010 Shareholder Loan, 2012 Shareholder Loan and 2013 Shareholder Capex Loan to UPC Germany and (ii) our loan with UMI. Accrued interest is transferred to the respective loan balance annually on January 1 for the 2010 Shareholder Loan and the 2012 Shareholder Loan. For the 2013 Shareholder Capex Loan, interest is either (i) payable on the last day of each month or (ii) may be added to the outstanding principal amount. For the loan with UMI, accrued interest may be, at the option of UMI, (a) transferred to the loan balance annually on January 1 or (b) repaid on the last day of each month and on the date of principal repayments. For additional information, see note 13.

Interest income. These amounts relate to the UPC Germany Loan Receivable, as discussed below. Interest income is included in other income (expense), net, in our consolidated statements of operations.

Share of associate gain. These amounts relate to gains from our investment in UMI, as discussed below. Share of associate gain is included in other income (expense), net, in our consolidated statements of operations.

Property, equipment and intangible asset additions. These amounts primarily represent customer premises and network-related equipment acquired from other Liberty Global subsidiaries, including Liberty Global Europe B.V. and UPC Holding and are generally cash settled.

Management Remuneration. Salaries, bonuses and benefit related remuneration of the Managing Directors was €6.0 million, €3.1 million and €2.2 million for 2013, 2012 and 2011, respectively.

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

	December 31,	
	2013	2012
	in millions	
Other current assets[a]	€ 4.2	€ 0.3
Loan receivable — related-party[b]	413.2	168.7
Investment in associate[c]	61.1	64.3
Other noncurrent assets[d]	33.0	—
Total	€ 511.5	€ 233.3
Accounts payable and accrued liabilities[e]	€ 45.5	€ 44.4
Related-party debt[f]	1,219.5	1,397.8
Total	€ 1,265.0	€ 1,442.2

(a) Represents various related-party receivables that may be cash or loan settled.

(b) Represents the UPC Germany Loan Receivable. Pursuant to our loan agreement with UPC Germany, we can require the repayment of all or part of the amount outstanding within five days of providing notice to UPC Germany. Amounts loaned to UPC Germany pursuant to this agreement are subject to certain restrictions contained in the instruments governing our indebtedness. The interest rate on this loan, which is subject to adjustment, was 2.22% as of December 31, 2013. The net increase in the UPC Germany Loan Receivable during 2013 includes (i) cash loaned of €1,463.5 million, (ii) cash received

of €1,226.8 million and (iii) accrued interest of €7.8 million. The net increase during 2012 includes (i) cash loaned of €1,248.8 million, (ii) cash received of €1,074.7 million, (iii) a €60.1 million non-cash decrease related to the settlement of amounts due under the 2010 Shareholder Loan, (iv) €1.3 million of accrued interest on the loan receivable and (v) individually insignificant net non-cash decreases of €0.6 million.

(c) Represents our investment in UMI. We own a 100% equity interest in UMI. UMI was formed for the purpose of effecting certain asset purchase and related leasing transactions involving certain of UPC Holding's subsidiaries, including certain purchase and leaseback transactions that were initiated in December 2011. UMI is considered a special purpose entity and is consolidated by UPC Holding. Although UPC Holding has no equity or voting interest in UMI, all of the revenue of UMI is derived from UPC Holding. As such, UPC Holding is required by the provisions of EU-IFRS to consolidate UMI. As a result, we use the equity method to account for our investment in UMI. For additional information regarding a loan from UMI to our company, see note 13.

(d) Represents our loan receivable from UMI that was issued in August 2013 and matures on February 28, 2016 (the UMI Loan Receivable). Amounts loaned to UMI pursuant to this agreement are subject to certain restrictions contained in the instruments governing our indebtedness. The interest rate on this loan, which is subject to adjustment, was 2.47% as of December 31, 2013. The net increase in the UMI Loan Receivable during 2013 includes (i) cash loaned of €43.3 million and (ii) cash repayments of €10.3 million.

(e) Represents various non-interest bearing related-party payables that may be cash or loan settled.

(f) For information regarding the (i) 2010 Shareholder Loan, (ii) 2012 Shareholder Loan, (iii) 2013 Shareholder Capex Loan and (iv) UMI Loan, see note 13.

Equity transactions. For information regarding certain transactions with our parent and other Liberty Global subsidiaries that impacted our equity, see note 15.

(17) 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 non-cancelable operating leases, programming contracts, purchases of customer premises equipment and other items. These include several long-term agreements with Deutsche Telekom and its affiliates with respect to usage and access for underground cable duct space, the use of fiber optic transmission systems, tower and facility space. In general, these agreements primarily impose fixed prices for a limited period of time, which may then be raised to reflect additional services requested and increased costs, subject to index-linked limitations. Some agreements impose prices based on the cost to Deutsche Telekom of services that are passed through to us. In accordance with EU-IFRS, we treat these agreements as operating rather than finance leases or as other commitments, as applicable. We expect that in the ordinary course of business, operating leases that expire generally will be renewed or replaced by similar leases.

Expenses for operating leases and network and connectivity commitments included in our consolidated statements of operations were €118.6 million, €119.0 million and €73.3 million during 2013, 2012 and 2011, respectively. Details of our operating lease contracts and the respective significant leasing arrangements are as follows:

Lease	Original Terms	Remaining Terms	Terms of renewal	Purchase options	Contingent rent
Building	1 - 20 years	1 - 12 years	1 - 5 years	No	No
Dark fiber	1 - 20 years	1 - 20 years	1 - 5 years	No	No
Colocation area	1 - 14 years	1 - 10 years	1 month - 1 year	No	No
Cable ducts	1 - 30 years	1 - 17 years	1 - 5 years	No	No

As of December 31, 2013, the network and connectivity commitments, purchase commitments, operating leases, programming obligations and other commitments that are not reflected in our consolidated balance sheet are as follows:

	Payments due during:						
	2014	2015	2016	2017	2018	Thereafter	Total
				in millions			
Network and connectivity commitments	€ 121.8	€ 106.0	€ 94.8	€ 94.6	€ 88.2	€ 956.5	€1,461.9
Purchase commitments[(a)]	77.6	—	—	—	—	—	77.6
Operating leases	12.2	10.8	8.0	6.2	5.1	25.9	68.2
Programming obligations	9.3	2.1	0.7	—	—	—	12.1
Other commitments	17.5	10.6	7.1	7.1	—	—	42.3
Total	€ 238.4	€ 129.5	€ 110.6	€ 107.9	€ 93.3	€ 982.4	€1,662.1

(a) Amount includes €37.2 million of related-party purchase obligations.

Network and connectivity commitments include indefinite-lived lease agreements with Deutsche Telekom for cable ducts, and to a lesser extent, certain repair and maintenance, fiber capacity and energy commitments. During 2013, the aggregate fees related to the indefinite-lived lease agreements were €75.6 million. We have the legal right to cancel these agreements with a notice period of 24 months, however, the technological requirements to replace leased capacity represent economic penalties that would result in the reasonably assured continuance of the leases for a longer period of time. Due to German law governing the statute of limitations, the agreements in effect represent a maximum lease term of 30 years, after which time Deutsche Telekom has certain additional rights under the lease. Accordingly, the lease amounts included in the above table reflect payments under the Deutsche Telekom lease agreements through the applicable statutory termination dates.

Purchase commitments include unconditional purchase obligations associated with commitments to purchase customer premises and other equipment that are enforceable and legally binding on us.

Operating leases include car leases, building leases and office equipment leases.

Programming commitments consist of obligations associated with certain of our programming and copyright contracts, that are enforceable and legally binding on us in that we have agreed to pay minimum fees without regard to (i) the actual number of subscribers to the programming services, (ii) whether we terminate cable service to a portion of our subscribers or dispose of a portion of our cable systems or (iii) whether we discontinue our premium film or sports services. The amounts reflected in the table with respect to these contracts are significantly less than the amounts we expect to pay in these periods under these contracts. Payments to programming vendors have in the past represented, and are expected to continue to represent in the future, a significant portion of our operating costs.

Guarantees and Other Credit Enhancements

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

Legal Proceedings

Deutsche Telekom Litigation. On December 28, 2012, we filed a lawsuit against Telekom Deutschland GmbH, an operating subsidiary of Deutsche Telekom, in which we assert that we pay excessive prices for the co-use of Deutsche Telekom's cable ducts in our footprint. The Federal Network Agency approved rates for the co-use of certain ducts of Telekom Deutschland GmbH in March 2011. Based in part on these approved rates, we are seeking a reduction of the annual lease fees (approximately €76 million for 2012) by approximately two-thirds and the return of similarly calculated overpayments from 2009 through the ultimate settlement date, plus accrued interest. The resolution of this matter may take

several years and no assurance can be given that our claims will be successful. Any recovery by our company will not be reflected in our consolidated financial statements until such time as the final disposition of this matter has been reached.

Regulatory Issues

Our existing and planned activities in the cable television, broadband internet and fixed-line telephony industries are subject to significant regulation and supervision by various regulatory bodies, including state authorities in the jurisdictions in which we operate, and German and EU 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 capital expenditures. 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.

FCO Regulatory Issues. The LG/KBW Transaction was subject to the approval of the FCO in Germany, which approval was received in December 2011. In January 2012, two of our competitors, including the incumbent telecommunications operator, each filed an appeal against the FCO regarding its decision to approve the LG/KBW Transaction. On August 14, 2013, the Düsseldorf Court of Appeal issued a ruling that set aside the FCO's clearance decision. Although the Düsseldorf Court of Appeal did not grant the right to appeal against its ruling to the Federal Supreme Court, on September 16, 2013, we filed a formal request to appeal to the Federal Court of Justice seeking permission to appeal the Düsseldorf Court of Appeal's decision and our reasoned submission was filed on December 16, 2013. Third parties have been given until March 21, 2014 to comment on our submission. The Düsseldorf Court of Appeal's ruling is not legally binding until all appeals have been rejected. If we are not granted the right to appeal, or if any appeal is unsuccessful and the Düsseldorf Court of Appeal's ruling to overturn the FCO clearance becomes final and binding, the LG/KBW Transaction would be remitted to the FCO for a new phase II review. The FCO would have the power to clear the deal subject to additional remedies or, although we do not expect either to be the outcome, to refuse clearance of the transaction or clear the transaction unconditionally. We will continue to pursue any available opportunity to appeal the Düsseldorf Court of Appeal's ruling. We do not expect that the continued proceedings relating to these appeals will have any impact on the integration and development of our operations in Germany or the day-to-day running of our business. We cannot predict the final outcome of this appeal process, however, any new decision by the FCO with respect to the LG/KBW Transaction as a result of the Düsseldorf Court of Appeal's ruling, including any decision that increases the existing conditions we are subject to in connection with the FCO's initial approval of the LG/KBW Transaction or imposes additional conditions, could have a material adverse impact on our results of operations, cash flows or financial position.

FCO Communication. The FCO has communicated to us that it is reviewing customary practices regarding the duration of contracts with multiple dwelling units for analog television services, including with respect to one such contract that the FCO had previously identified between our company and a landlord as potentially being subject to amendment by order. The FCO indicated that the contract term of 10 years may be an infringement of European and German antitrust laws and that it is inclined to open a test case that could set a precedent for all (or almost all) market participants. We cannot predict the outcome of these FCO proceedings, however, any FCO decision that would limit the duration of our contracts with multiple dwelling units could have a material adverse impact on our results of operations, cash flows or financial position.

Financial Transactions Tax. Eleven countries in the EU, including Germany, are participating in an enhanced cooperation procedure to introduce a financial transactions tax (FTT). Under the draft language of the FTT proposal, a wide range of financial transactions could be taxed at rates of at least 0.01% for derivative transactions based on the notional amount and 0.1% for other covered financial transactions based on the underlying transaction price. Each of the individual countries would be permitted to determine an exact rate, which could be higher than the proposed rates of 0.01% and 0.1%. Any implementation of the FTT could have a global impact because it would apply to all financial transactions where a financial

institution is involved (including unregulated entities that engage in certain types of covered activity) and either of the parties (whether the financial institution or its counterparty) is in one of the eleven participating countries. We currently believe that the likelihood of the FTT becoming effective during 2014 is remote. Although ongoing debate in the relevant countries demonstrates continued momentum around the FTT, uncertainty remains as to when the FTT would be implemented and the breadth of its application. Any imposition of the FTT could increase banking fees and introduce taxes on internal transactions that we currently perform. Due to the uncertainty regarding the FTT, we are currently unable to estimate the financial impact that the FTT could have on our results of operations, cash flows or financial position.

Other

In addition to the foregoing items, we have contingent liabilities related to matters arising in the ordinary course of business including (i) legal proceedings, (ii) issues involving value added tax 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.

(18) Disclosures According to Generally Accepted Accounting Principles in Germany

The average aggregate number of full-time and part-time employees during 2013 was 2,505 and the average number of full-time equivalent (FTE) employees was 2,440. During 2013, our operating departments, which include network and customer operations and customer services, employed an average of 1,657 FTE employees and our administration departments, consisting of sales and marketing, finance, information technology and other general services, employed an average of 783 FTE employees. Average employee calculations are based on quarterly averages.

Our auditor has received the following remuneration for the respective services:

	Year ended December 31,		
	2013	2012	2011
		in millions	
Audit of financial statements	€ 0.9	€ 0.9	€ 1.0
Assurance services[(a)]	0.5	0.8	0.2
Total	€ 1.4	€ 1.7	€ 1.2

(a) Amounts for 2013 and 2012 do not include approximately €1.4 million and €1.5 million, respectively, of charges from third-party insurance companies that were passed through to our company by our auditor associated with comfort letters that were issued in connection with debt financing transactions.

Independent Auditor's Report (Translation)

The following auditor's report (Bestätigungsvermerk) has been issued in accordance with § 322 German Commercial Code (Handelsgesetzbuch) in German language on the German version of the consolidated financial statements of Unitymedia KabelBW GmbH as of and for the fiscal year ended December 31, 2012 and the group management report. The group management report is not included here. The management discussion & analysis was not subject to the audit.

"Independent Auditor's Report

We have audited the consolidated financial statements prepared by Unitymedia KabelBW GmbH (until August 8, 2012, Unitymedia GmbH), Cologne, comprising the consolidated balance sheets, the consolidated statements of operations, the consolidated statements of changes in shareholder's equity (deficit), the consolidated statements of cash flows and the notes to the consolidated financial statements, together with the group management report for the business year from January 1, 2012 to December 31, 2012. The preparation of the consolidated financial statements and the group management report in accordance with IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a I HGB (Handelsgesetzbuch "German Commercial Code") are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer Institute of Public Auditors in Germany (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a I HGB and give a true and fair view of the net assets, financial position and results of operations of Unitymedia KabelBW GmbH (until August 8, 2012, Unitymedia GmbH) in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development."

Düsseldorf, March 20, 2013

KPMG AG
Wirtschaftsprüfungsgesellschaft

Original German version signed by:

Wallraf	Nölgen
Wirtschaftsprüfer	Wirtschaftsprüfer
German Public Auditor	German Public Auditor

UNITYMEDIA KABELBW GMBH

CONSOLIDATED BALANCE SHEETS

	December 31,	
	2012	2011[a]
	in millions	
ASSETS		
Current assets:		
Cash and cash equivalents	€ 20.2	€ 48.1
Trade receivables and unbilled revenue, net (note 9)	107.7	74.5
Loan receivable — related-party (note 16)	168.7	54.0
Other current assets (note 6)	13.7	19.7
Total current assets	310.3	196.3
Property and equipment, net (note 8)	3,480.4	3,460.7
Goodwill (note 8)	2,841.7	2,843.0
Intangible assets subject to amortization, net (note 8)	1,100.4	1,254.3
Investment in associate (note 16)	64.3	61.0
Other noncurrent assets (notes 6, 9 and 10)	86.7	122.7
Total noncurrent assets	7,573.5	7,741.7
Total assets	€ 7,883.8	€ 7,938.0

(a) As retrospectively revised — see note 5.

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

UNITYMEDIA KABELBW GMBH

CONSOLIDATED BALANCE SHEETS (Continued)

	December 31,	
	2012	**2011[a]**
	in millions	
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities:		
Accounts payable	€ 83.2	€ 67.1
Accrued liabilities (note 11)	193.9	140.7
Accounts payable and accrued liabilities — related-party (note 16)	44.4	13.7
Corporate income taxes payable	21.0	26.6
Current provisions (note 12)	17.9	23.0
Deferred revenue and advance payments from subscribers and others	100.3	100.7
Current portion of debt and finance lease obligations (note 13):		
Third-party	88.6	69.1
Related-party	1.1	—
Other current liabilities (note 6)	22.2	21.3
Total current liabilities	572.6	462.2
Noncurrent debt and finance lease obligations (note 13):		
Third-party	5,114.3	5,017.7
Related-party	1,396.7	193.1
Deferred tax liabilities (note 14)	459.0	536.8
Noncurrent provisions (note 12)	19.4	17.8
Other noncurrent liabilities (note 6)	15.4	15.1
Total noncurrent liabilities	7,004.8	5,780.5
Total liabilities	7,577.4	6,242.7
Commitments and contingencies (note 17)		
Shareholder's equity (note 15):		
Share capital	—	—
Additional paid-in capital	941.4	2,071.0
Accumulated deficit	(635.0)	(375.7)
Total shareholder's equity	306.4	1,695.3
Total liabilities and shareholder's equity	€ 7,883.8	€ 7,938.0

(a) As retrospectively revised — see note 5.

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

UNITYMEDIA KABELBW GMBH

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended December 31,		
	2012	2011[a]	2010
		in millions	
Revenue (note 3)	€ 1,801.6	€ 1,053.0	€ 866.9
Operating costs and expenses:			
Operating (other than depreciation and amortization) (OpEx) (note 16)	500.8	281.1	251.4
Selling, general and administrative expenses (other than depreciation and amortization) (including stock-based compensation) (SG&A) (note 16)	236.2	144.7	130.4
Impairment, restructuring and other operating items, net (note 5)	29.7	0.6	26.7
Related-party fees and allocations (note 16)	53.7	35.8	23.8
	820.4	462.2	432.3
Earnings before interest, taxes, depreciation and amortization (EBITDA)	981.2	590.8	434.6
Depreciation and amortization	638.9	400.9	324.5
Earnings before interest and taxes (EBIT)	342.3	189.9	110.1
Financial and other expense:			
Interest expense:			
Third-party	(424.0)	(252.2)	(257.0)
Related-party (note 16)	(98.1)	(99.9)	(85.8)
Foreign currency transaction gains (losses), net	20.1	(21.6)	(16.1)
Realized and unrealized gains (losses) on derivative instruments, net (note 6)	(43.1)	25.5	38.8
Losses on debt modification and extinguishment, net (note 13)	(143.6)	—	—
Other income (expense), net (note 16)	6.8	(1.2)	1.4
Net financial and other expense	(681.9)	(349.4)	(318.7)
Loss from continuing operations before income taxes	(339.6)	(159.5)	(208.6)
Income tax benefit (note 14)	80.3	18.2	35.5
Loss from continuing operations, net of taxes	(259.3)	(141.3)	(173.1)
Earnings from discontinued operation (note 5)	—	—	1.2
Net loss / comprehensive loss (b)	€ (259.3)	€ (141.3)	€ (171.9)
Further details of OpEx and SG&A:			
Direct costs (programming and copyright, interconnect and other)	€ 179.5	€ 90.6	€ 79.3
Staff-related costs (excluding restructuring charges)	149.9	99.0	85.4
Network operating costs	144.4	87.3	83.6
Sales and marketing costs	101.7	66.7	70.0
Other indirect costs	161.5	82.2	63.5
	€ 737.0	€ 425.8	€ 381.8
Further details of impairment, restructuring and other operating items:			
Restructuring charges (credits)	€ 30.8	€ (0.2)	€ 4.3
Loss (gain) on disposal of assets	(2.7)	0.1	(1.0)
Asset impairments	1.6	0.6	—
Direct acquisition costs and other	—	0.1	23.4
	€ 29.7	€ 0.6	€ 26.7

(a) As retrospectively revised — see note 5.

(b) There were no items of comprehensive earnings or loss in the current or prior year periods other than the net loss for the period and, accordingly, no statements of comprehensive earnings or loss are presented.

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

UNITYMEDIA KABELBW GMBH

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY (DEFICIT)

	Additional paid-in capital	Accumulated deficit	Total shareholder's equity (deficit)
		in millions	
Balance at January 1, 2010	€ —	€ (62.5)	€ (62.5)
Net loss	—	(171.9)	(171.9)
Equity contribution (note 15)	17.0	—	17.0
Balance at December 31, 2010	17.0	(234.4)	(217.4)
Net loss[(a)]	—	(141.3)	(141.3)
Conversion of related-party loans and related accrued interest to equity (notes 13 and 15)	1,100.0	—	1,100.0
Contribution of cash in connection with the LGI/KBW Transaction (note 5)	892.5	—	892.5
Equity contribution (note 15)	61.0	—	61.0
Stock-based compensation (note 16)	0.5	—	0.5
Balance at December 31, 2011[(a)]	2,071.0	(375.7)	1,695.3
Net loss	—	(259.3)	(259.3)
Consideration issued in connection with the KBW Fold-in (note 5)	(1,230.0)	—	(1,230.0)
Conversion of related-party loan and related accrued interest to equity (notes 13 and 15)	100.4	—	100.4
Excess of consideration paid over carrying value of property and equipment transferred from entity under common control (note 15)	(1.1)	—	(1.1)
Stock-based compensation (note 16)	1.1	—	1.1
Balance at December 31, 2012	€ 941.4	€ (635.0)	€ 306.4

(a) As retrospectively revised — see note 5.

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

UNITYMEDIA KABELBW GMBH
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2012	2011[a]	2010
		in millions	
Cash flows from operating activities:			
Net loss	€ (259.3)	€ (141.3)	€ (171.9)
Earnings from discontinued operation	—	—	(1.2)
Loss from continuing operations	(259.3)	(141.3)	(173.1)
Adjustments to reconcile loss from continuing operations to net cash provided by operating activities:			
Stock-based compensation expense	1.1	0.5	—
Impairment, restructuring and other operating items	29.7	0.6	26.7
Related-party fees and allocations	53.7	35.8	23.8
Depreciation and amortization	638.9	400.9	324.5
Amortization of deferred financing costs and non-cash interest accretion	12.9	12.1	10.9
Non-cash related-party interest expense	98.1	99.9	85.8
Foreign currency transaction losses (gains), net	(20.1)	21.6	16.1
Realized and unrealized losses (gains) on derivative instruments, net	43.1	(25.5)	(38.8)
Losses on debt modification and extinguishment, net	143.6	—	—
Deferred tax benefit	(77.3)	(28.7)	(36.2)
Changes in operating assets and liabilities, net of the effects of acquisitions and dispositions	(30.2)	(33.0)	(14.0)
Net cash used by discontinued operation	—	(2.9)	(9.9)
Net cash provided by operating activities	634.2	340.0	215.8
Cash flows from investing activities:			
Capital expenditures	(464.9)	(307.4)	(243.3)
Advances to parent	(174.1)	(54.0)	—
Cash paid in connection with acquisitions, net of cash acquired	—	(882.7)	(1,880.1)
Investment in associate	—	(61.0)	—
Other investing activities	1.2	0.3	0.2
Net cash used by investing activities	(637.8)	(1,304.8)	(2,123.2)
Cash flows from financing activities:			
Repayments of third-party debt and finance lease obligations	(2,051.6)	(160.7)	(1,770.6)
Borrowings of third-party debt	2,139.2	160.0	165.0
Payment of financing costs and debt premiums	(129.3)	—	(27.0)
Net related-party borrowings	29.8	—	1,050.9
Net cash paid related to derivative instruments	(12.3)	—	(66.6)
Contributions from parent	—	953.5	17.0
Decrease in cash collateral	—	—	2,593.6
Other financing activities	(0.1)	1.4	3.8
Net cash provided (used) by financing activities	(24.3)	954.2	1,966.1
Net increase (decrease) in cash and cash equivalents	(27.9)	(10.6)	58.7
Cash and cash equivalents:			
Beginning of period	48.1	58.7	—
End of period	€ 20.2	€ 48.1	€ 58.7
The following amounts are included in net cash provided by operating activities:			
Cash paid for interest (excluding payments related to derivative instruments)	€ 410.6	€ 232.3	€ 265.3
Net cash paid for taxes:			
Continuing operations	€ 0.1	€ 3.6	€ 12.8
Discontinued operation	—	—	4.3
	€ 0.1	€ 3.6	€ 17.1

(a) As retrospectively revised — see note 5.

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

(1) Basis of Presentation

Unitymedia KabelBW GmbH (formerly known as Unitymedia GmbH until August 8, 2012) (Unitymedia KabelBW) is a wholly-owned subsidiary of UPC Germany Holding B.V. (UPC Germany), which in turn is an indirect subsidiary of Liberty Global, Inc. (Liberty Global). Unitymedia KabelBW was formed by Liberty Global on October 15, 2009 and registered with the commercial register on October 23, 2009 in contemplation of the issuance of debt financing in connection with Unitymedia KabelBW's then potential acquisition of the entity (Old Unitymedia) that owned the largest cable operator in the German federal states of North Rhine-Westphalia and Hesse. In the following text, the terms "Unitymedia KabelBW," "we," "our," "our company," and "us" may refer, as the context requires, to Unitymedia KabelBW, or collectively to Unitymedia KabelBW and its subsidiaries.

Unitymedia KabelBW, which operates in the German federal states of North Rhine-Westphalia, Hesse and Baden-Württemberg, provides video, broadband internet, telephony and mobile services to its customers.

Through a series of transactions that were completed during the second quarter of 2012 in conjunction with the Unitymedia KabelBW Exchange, as defined and described in note 13, UPC Germany, our immediate parent company, transferred UPC Germany Holdings GmbH (UPC Germany Holdings), an indirect parent company of Kabel BW GmbH (KBW), then the largest cable operator in Baden-Württemberg, to Unitymedia Hessen GmbH & Co. KG (Unitymedia Hessen), one of our wholly-owned subsidiaries (the KBW Fold-in). We have accounted for the KBW Fold-in as a reorganization of entities under common control. Accordingly, we have recorded the transfer of UPC Germany Holdings and its subsidiaries (collectively, the Kabel BW Group) at carryover basis and the applicable prior period information has been retrospectively revised to give effect to the resulting change in reporting entities for all periods in which we and the Kabel BW Group were under the common control of Liberty Global (namely all periods beginning on or after the December 15, 2011 acquisition of a then indirect parent of KBW by a then indirect subsidiary of UPC Germany Holdings). For additional information, see note 5. Additionally, in the third quarter of 2012, Unitymedia Hessen sold its shares of UPC Germany Holdings to UPC Germany NewCo GmbH (UPC Germany NewCo) and UPC Germany Holdings was merged into UPC Germany NewCo.

In addition to our core business, Unitymedia KabelBW's arena segment operated a direct-to-home satellite (DTH) digital pay- TV platform that, as further described in note 5, we closed down effective September 30, 2010. We have presented Unitymedia KabelBW's arena segment as a discontinued operation in our consolidated statements of operations and cash flows. As such, all statements of operations and cash flow amounts presented in the notes to these consolidated financial statements relate only to our continuing operations, unless otherwise noted.

On September 16, 2010, Old Unitymedia merged with Unitymedia KabelBW and Unitymedia KabelBW became the surviving entity (the Unitymedia Merger). The Unitymedia Merger, along with the new basis of accounting that resulted from Unitymedia KabelBW's January 28, 2010 acquisition of 100% of Old Unitymedia (the LGI/Unitymedia Transaction), has been given effect as of January 28, 2010 in the accompanying consolidated financial statements. Accordingly, Old Unitymedia is not included in our historical consolidated financial statements prior to January 28, 2010. For additional information concerning the LGI/ Unitymedia Transaction, see note 5.

Our annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU-IFRS) and the additional requirements of German Commercial Law pursuant to § 315 a (3) German Commercial Code (HGB).

The 2009 UM Euro Senior Secured Notes, the UM Senior Secured Exchange Notes, the September 2012 UM Senior Secured Notes, the December 2012 UM Senior Secured Notes, the 2009 UM Senior Notes and the UM Senior Exchange Notes, each as defined and described in note 13, are listed on the Official List of the Luxembourg Stock Exchange and are admitted to trading on the Euro MTF Market, which is not a regulated market (as defined by Article 1(13) of Directive 93/22/EEC).

Our functional currency is the euro. Unless otherwise indicated, convenience translations into euros are calculated as of December 31, 2012.

These consolidated financial statements were approved for publication by the Managing Directors on March 20, 2013.

(2) Accounting Changes and Recent Pronouncements

First-time Application of Accounting Standards

The application of the following accounting standard did not have any impact on our consolidated financial statements:

Standard/ Interpretation	Title	Applicable for fiscal years beginning on or after	Date of endorsement by the EU
International Accounting Standard (IAS) 12 (amendments)	Deferred tax: recovery of underlying assets	January 1, 2012	December 11, 2012
IFRS 1 (amendments)	Severe hyperinflation and removal of fixed dates for first-time adopters	July 1, 2011	December 11, 2012
IFRS 7 (amendments)	Amendments to IFRS 7 financial instruments: Disclosures — Transfers of Financial Assets	July 1, 2011	November 22, 2011

New Accounting Standards, Not Yet Effective

The following accounting standards were either issued by the International Accounting Standards Board or endorsed by the European Union (EU) but are not yet effective for the reporting period. We have not early adopted these accounting standards.

Standard/ Interpretation	Title	Applicable for fiscal years beginning on or after	Date of endorsement by the EU
IAS 1 (amendments)	Presentation of items of other comprehensive income	July 1, 2012	June 5, 2012
IAS 19 (amendments)	Amendments to IAS 19 employee benefits	January 1, 2013	June 5, 2012
IAS 27 (amendments)	Separate financial statements	January 1, 2014	December 11, 2012
IAS 28 (amendments)	Investments in associates and joint ventures	January 1, 2014	December 11, 2012
IAS 32 (amendments)	Offsetting Financial Assets and Financial Liabilities	January 1, 2014	December 13, 2012
IFRS 7 (amendments)	Disclosures — Offsetting Financial Assets and Financial Liabilities	January 1, 2013	December 13, 2012
IFRS 9 / IFRS 7 (amendments)	Mandatory Effective Date and Transition Disclosures	January 1, 2015	Not yet endorsed
Improvements to IFRSs	Collection of amendments to several standards made in response to six issues addressed during the 2009 - 2011 project cycle	January 1, 2013	Not yet endorsed
IFRS 9	Financial instruments	January 1, 2015	Not yet endorsed
IFRS 10	Consolidated financial statements	January 1, 2014	December 11, 2012

Standard/ Interpretation	Title	Applicable for fiscal years beginning on or after	Date of endorsement by the EU
IFRS 10/ IFRS11/ IFRS 12 (amendments)	Transition guidance	January 1, 2014	Not yet endorsed
IFRS 10/ IFRS 12/ IAS 27 (amendments)	Investment Entities	January 1, 2014	Not yet endorsed
IFRS 11	Joint arrangements	January 1, 2014	December 11, 2012
IFRS 12	Disclosure of interests in other entities	January 1, 2014	December 11, 2012
IFRS 13	Fair value measurement	January 1, 2013	December 11, 2012

Effective January 1, 2013, we intend to adopt the revised IAS 19 Employee Benefits, which will require retrospective application to our 2012 financial statements. The revised IAS 19 requires the recognition of service cost and net interest on the net defined benefit liability in income or loss and the recognition of remeasurements of the net defined benefit liability, in particular actuarial gains and losses, in other comprehensive income or loss. Currently, we recognize actuarial gains and losses deferred under the corridor approach in profit or loss. The adoption of the revised IAS 19 is not expected to have a material impact on our financial condition or results of operations.

We have not fully evaluated the impact of applying the other new, but not yet effective accounting standards on our consolidated financial statements.

(3) Summary of Significant Accounting Policies

Estimates

The preparation of financial statements in conformity with EU-IFRS 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, deferred income taxes and the related recognition of deferred tax assets, loss contingencies, fair value measurements, impairment assessments, capitalization of internal costs associated with construction and installation activities, useful lives of long-lived assets, and stock-based compensation. Actual results could differ from those estimates.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation including the reclassification within OpEx and SG&A of (i) costs from other indirect costs to sales and marketing costs and (ii) costs from network operating costs to other indirect costs.

Principles of Consolidation

The accompanying consolidated financial statements include our accounts and the accounts of all voting interest entities where we exercise a controlling financial interest through the ownership of a direct or indirect controlling voting interest and special purpose entities over which we exercise control. All significant intercompany accounts and transactions have been eliminated in consolidation. Investments in special purpose entities that we do not control are accounted for using the equity method.

The following subsidiaries of Unitymedia KabelBW are included in our consolidated financial statements at December 31, 2012:

Name of subsidiary[a]	Headquarters location	Share of equity %
Unitymedia Management GmbH[b]	Cologne, Germany	100.0
Unitymedia Hessen Verwaltung GmbH	Cologne, Germany	100.0
Unitymedia Hessen[c]	Cologne, Germany	100.0
Unitymedia NRW GmbH (Unitymedia NRW)[b]	Cologne, Germany	100.0
Unitymedia Services GmbH[b]	Cologne, Germany	100.0
iesy Hessen Verwaltungs-GmbH	Cologne, Germany	100.0
Arena Sport Rechte und Marketing GmbH	Cologne, Germany	100.0
UPC Germany NewCo	Hamburg, Germany	100.0
KBW	Heidelberg, Germany	100.0

(a) Unitymedia International GmbH (UMI), an entity in which Unitymedia KabelBW owns a 100% equity interest, is excluded from our list of subsidiaries as UMI is a special purpose entity that is consolidated by UPC Holding B.V. (UPC Holding), another Liberty Global subsidiary. For additional information regarding our accounting for UMI, see note 16. We will publish statutory accounts for UMI.

(b) Exempt from publishing statutory accounts pursuant to Sec. 264 (3) HGB.

(c) Exempt from publishing statutory accounts pursuant to Sec. 264b HGB.

Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents include cash on hand and demand deposits which have a maturity of three months or less at the time of acquisition. Cash and cash equivalents are measured at cost.

Restricted cash includes cash held in escrow and cash pledged as collateral. Restricted cash amounts that are required to be used to purchase noncurrent assets or repay noncurrent debt are classified as noncurrent assets. All other cash that is restricted to a specific use is classified as current or noncurrent based on the expected timing of the disbursement.

Trade Receivables

Our trade receivables are initially measured at fair value and subsequently reported at amortized cost, net of an allowance for impairment of trade receivables. The allowance for impairment of trade receivables is estimated based upon our assessment of anticipated loss related to uncollectible accounts receivable. We use a number of factors in determining the allowance, including, among other things, collection trends, prevailing and anticipated economic conditions, specific customer and historical experience. The allowance is maintained until either receipt of payment or the likelihood of collection is considered to be remote.

Property and Equipment

Property and equipment are measured at initial cost less accumulated depreciation and any accumulated impairment losses. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. The initial cost comprises the purchase price, borrowing costs (if applicable), costs of construction including direct materials and labor, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the costs of dismantling and removing the items and restoring the site on which the assets are located. No borrowing costs were capitalized during the periods presented.

Depreciation is computed on a straight-line basis over the estimated useful lives of each major component of an item of property and equipment. The distribution systems have estimated useful lives ranging from 3 to 35 years. Support equipment and buildings (including leasehold improvements) have estimated useful lives ranging from 3 to 15 years. Land is not depreciated. Depreciation methods, useful lives, and residual values are reviewed at each reporting date and may be adjusted based on management's expectations of future use.

Property and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. Impairment exists when the carrying value exceeds the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. For purposes of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). We have determined that our property and equipment is part of a single cash-generating unit for purpose of impairment testing. Impairment losses are reversed if the reasons for the impairment loss no longer exist or the impairment loss has decreased.

Subsequent costs are included in the assets' carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will be achieved and when the cost can be measured reliably. The carrying amount of any replaced item is derecognized. All other expenditures for repairs and maintenance are expensed as incurred.

Gains and losses due to disposals are included in impairment, restructuring and other operating items, net.

Intangible Assets

Our primary intangible assets are goodwill, customer relationships, trade name, subscriber acquisition costs and software. Goodwill and intangible assets with indefinite useful lives are not amortized, but instead are tested for impairment at least annually. Intangible assets with finite lives are amortized over their respective estimated useful lives on a straight-line basis and reviewed for impairment when circumstances warrant. Each reporting period we evaluate the estimated useful lives of our intangible assets that are subject to amortization to determine whether events or circumstances warrant revised estimates of useful lives.

Goodwill represents the excess purchase price over the fair value of the identifiable net assets acquired. Goodwill is tested for impairment annually, or more frequently when there is an indication that it may be impaired. We have identified one cash-generating unit to which all goodwill is assigned. If the recoverable amount (i.e. the higher of fair value less costs to sell or value in use) of the cash-generating unit is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets pro-rata on the basis of the carrying amount of each asset. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Customer relationships and trade name are recognized at their fair values in connection with business combinations and are amortized over lives ranging from 5 to 10 years. Subscriber acquisition costs are recognized as incurred when such costs are directly attributable to obtaining a new customer contract, are paid to a third party, can be measured reliably and meet the definition of an intangible asset. Subscriber acquisition costs are amortized over the applicable contractual life, which generally ranges from 1 to 2 years.

Costs associated with maintaining computer software are expensed as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by us for which it is probable that the expected future economic benefits attributable to the assets would flow to our company beyond one year are recognized as intangible assets. Capitalized internal-use software costs include only external direct costs of materials and services consumed in developing or obtaining the software and payroll and payroll-related costs for employees who are directly associated with and who devote time to the project. Capitalization of these costs ceases no later than the point at which the project is substantially complete and ready for its intended purpose. Capitalized internal-use software costs are amortized on a straight-line basis over their applicable expected useful lives, which range from 3 to 5 years. Where no internal-use intangible asset can be recognized, development expenditures are expensed as incurred.

Subsequent expenditures related to intangible assets are capitalized only when the expenditures increase the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditures on internally generated brands, are expensed as incurred.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to us. Property and equipment acquired by way of a finance lease are initially stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease. The leased asset is subsequently depreciated over the shorter of its useful life or the lease term and is subject to impairment assessments as a component of the applicable cash-generating unit. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding lease obligations, net of finance charges, are included in noncurrent debt with the interest element of the lease payment charged to our consolidated statements of operations over the lease period. All other leases are classified as operating lease payments and recognized in our consolidated statements of operations on a straight-line basis over the term of the lease.

We have entered into various long-term service level agreements with Deutsche Telekom AG (Deutsche Telekom) and certain of its affiliates that are significant to our business, in particular for the lease of cable duct space. Generally, the terms per the agreements are unlimited, yet we have certain termination rights which are entirely at our discretion. According to German law, lease agreements are subject to a termination right of either party after a term of 30 years. We do not capitalize these cable ducts as finance leases as a result of management assumptions made regarding the expected usage of the cable ducts at the inception of the contracts.

Financial Instruments

Cash and cash equivalents, current trade and other receivables, other current assets, accounts payable, accrued liabilities, subscriber advance payments and deposits and other current liabilities are initially recognized at fair value and subsequently carried at amortized cost. Due to their relatively short maturities, the carrying values of these financial instruments approximate their respective fair value. The carrying amounts of trade receivables with a remaining term of more than one year are included in noncurrent assets and the carrying amount of these receivables approximates their fair value.

Loans and other receivables are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

For information concerning the fair value of our debt, see note 13.

Derivative instruments

All derivative instruments are recorded on the balance sheet at fair value. Although we enter into derivative instruments to manage foreign exchange risk, we do not apply hedge accounting to any of our derivative instruments. Changes to the fair value of our derivative instruments are recognized in the line item realized and unrealized gains (losses) on derivative instruments, net in our consolidated statements of operations.

Bonds and Bank Liabilities

Bonds and bank liabilities are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value of our bond and bank liabilities is recognized in our consolidated statements of operations over the respective terms of the borrowings using the effective interest method.

Provisions

Provisions are liabilities of uncertain timing and/or amount. A provision is recognized when a present legal or constructive obligation as a result of a past event exists, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Foreign Currency Transactions

The euro is our functional currency. Transactions denominated in currencies other than the euro are recorded based on exchange rates at the time such transactions arise. Changes in exchange rates with respect to monetary items (e.g. cash held in a foreign currency or assets and liabilities to be received or paid in a fixed or determinable number of foreign currency units) recorded in our consolidated balance sheet result in transaction gains and losses that are reflected in our consolidated statement of operations as foreign currency transaction gains (losses), net.

Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of our activities. Revenue is presented net of value-added tax, rebates and discounts and after eliminating intercompany sales within the consolidated group.

We derive revenue from our digital and analog cable television products and services, broadband internet services, telephony products and services (including subscription and usage fees), mobile services and carriage fees paid by broadcasters.

Revenue is recognized when services have been provided, the costs incurred can be measured reliably, and we are not obliged to provide any future services. Prepayments are deferred and amortized on a straight-line basis over the service period.

When free or discounted service periods or other customer incentives are offered to customers in relation to a subscription, we recognize the total amount of billable revenue that we expect to receive from customers in equal monthly installments over the term of the contract provided that we have the enforceable and contractual right to deliver products to the customer after the promotional period. If free months are given without a contract at the beginning of a subscription period, we do not recognize revenue during the free months as the customer's continuance is not assured.

For multiple element arrangements, the recognition criteria of revenue are applied to the separately identifiable components of the transaction. A component within an arrangement is separated if it has standalone value to the customer and if its fair value can be measured reliably. The fair value of the consideration received or receivable is allocated to the separate components of the arrangement using the residual fair value method.

Revenue resulting from the sale of goods is realized when the significant risks and rewards of ownership are transferred to the customer.

Installation fees generally are recognized as services are rendered.

For information regarding our policy for allocating product revenue, see *Segments* below.

Income taxes

Current taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities at undiscounted values. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted as of the balance sheet date.

Deferred taxes

Generally, deferred taxes are recognized for any temporary differences between the tax base and the EU-IFRS base, except in situations where goodwill is not recognized for tax purposes.

Deferred tax assets are recognized for deductible temporary differences and tax loss and interest carryforwards, if it is probable that future taxable earnings will be available against which the unused tax losses or temporary differences can be utilized. However, deferred tax assets are not recognized if the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting earnings nor taxable earnings.

The recoverability of the carrying value of deferred taxes is determined based on management's estimates of future taxable earnings. If it is no longer probable that enough future taxable earnings will be available against which the unused tax losses or temporary differences can be used, an impairment in a corresponding amount is recognized on the deferred tax assets.

Deferred taxes are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted as of the balance sheet date. Deferred taxes are not discounted.

If the changes in the value of assets or liabilities are recognized in a separate component of equity, the change of value of the corresponding deferred tax assets and liabilities are also recognized in this separate component of equity (instead of income tax expense).

Deferred tax assets and liabilities are offset in our consolidated balance sheets if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

For additional information concerning our income taxes, see note 14.

Segments

We operate in one geographical area, the country of Germany. Through September 30, 2010, we had two segments, cable and arena. Following the September 30, 2010 closure of our arena segment, as discussed in note 5, we operate in the cable segment only.

Our revenue by major product category is as follows:

	Year ended December 31,		
	2012	2011[a]	2010
		in millions	
Subscription revenue[b]:			
Video	€ 948.6	€ 638.4	€ 571.7
Broadband internet	283.8	130.9	83.0
Telephony	346.4	156.0	109.4
Total subscription revenue	1,578.8	925.3	764.1
Non-subscription revenue[c]	222.8	127.7	102.8
Total revenue	€ 1,801.6	€ 1,053.0	€ 866.9

(a) As retrospectively revised — see note 5.

(b) Subscription revenue includes amounts received from subscribers for ongoing services, excluding installation fees, late fees and mobile services revenue. 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.

(c) Non-subscription revenue includes carriage fee, interconnect, installation and mobile services revenue.

(4) Financial Risk Management

Overview

We have exposure to the following risks that arise from our financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

Our exposure to each of these risks, the policies and procedures that we use to manage these risks and our approach to capital management are discussed below in this note. As a subsidiary of Liberty Global, our approach to the management of these risks is integrated with Liberty Global's overall risk management policies and procedures.

Credit Risk

Credit risk is the risk that we would experience financial loss if our customers or the counterparties to our derivative and other financial instruments, undrawn debt facilities and cash investments were to default on their obligations to us.

We manage the credit risks associated with our trade receivables by performing credit verifications, following established dunning procedures and engaging collection agencies. We also manage this risk by disconnecting services to customers whose accounts are delinquent. Concentration of credit risk with respect to trade receivables is limited due to the large number of customers.

We manage the credit risks associated with our derivative and other financial instruments, cash investments and undrawn debt facilities primarily through the evaluation and monitoring of the creditworthiness of, and concentration of risk with, the respective counterparties. Most of our cash currently is invested in overnight deposits with banks having a minimum credit rating of A by Standard & Poor's or an equivalent rating by Moody's Investor Service. To date, neither the access to nor the value of our cash and cash equivalent balances have been adversely impacted by liquidity problems of financial institutions. We and our counterparties do not post collateral or other security, nor have we entered into master netting arrangements with any of our counterparties.

Under our derivative contracts, it is generally only the non-defaulting party that has a contractual option to exercise early termination rights upon the default of the other counterparty and to set off other liabilities against sums due upon such termination. However, in an insolvency of a derivative counterparty, under the laws of certain jurisdictions, the defaulting counterparty or its insolvency representatives may be able to compel the termination of one or more derivative contracts and trigger early termination payment liabilities payable by us, reflecting any mark-to-market value of the contracts for the counterparty. Alternatively, or in addition, the insolvency laws of certain jurisdictions may require the mandatory set-off of amounts due under such derivative contracts against present and future liabilities owed to us under other contracts between us and the relevant counterparty. Accordingly, it is possible that we may be subject to obligations to make payments, or may have present or future liabilities owed to us partially or fully discharged by set-off as a result of such obligations, in the event of the insolvency of a derivative counterparty, even though it is the counterparty that is in default and not us. To the extent that we are required to make such payments, our ability to do so will depend on our liquidity and capital resources at the time. In an insolvency of a defaulting counterparty, we will be an unsecured creditor in respect of any amount owed to us by the defaulting counterparty, except to the extent of the value of any collateral we have obtained from that counterparty.

The risks we would face in the event of a default by a counterparty to one of our derivative instruments might be eliminated or substantially mitigated if we were able to novate the relevant derivative contracts to a new counterparty following the default of our counterparty. While we anticipate that, in the event of the insolvency of one of our derivative counterparties, we would seek to effect such novations, no assurance can be given that we would obtain the necessary consents to do so or that we would be able to do so on terms or pricing that would be acceptable to us or that any such novation would not result in substantial costs to us. Furthermore, the underlying risks that are the subject of the relevant derivative contracts would no longer be effectively hedged due to the insolvency of our counterparty, unless and until we novate or replace the derivative contract.

While we currently have no specific concerns about the creditworthiness of any counterparty for which we have material credit risk exposures, we cannot rule out the possibility that one or more of our counterparties could fail or otherwise be unable to meet its obligations to us. Any such instance could have an adverse effect on our cash flows, results of operations, financial condition and/or liquidity.

Our maximum exposure to credit risk is represented by the carrying amounts of our financial assets, excluding our loan receivable — related-party. For information concerning these carrying amounts, see note 6. In light of the related-party nature of our current loan receivable from UPC Germany (the UPC Germany Loan Receivable as described in note 16), we have not considered this financial instrument in our credit risk assessment.

Liquidity Risk

Liquidity risk is the risk that we will encounter difficulty in meeting our financial obligations. We evaluate our liquidity risks at the parent (Unitymedia KabelBW) and operating subsidiary levels. As a holding company, our primary assets other than cash and cash equivalents are our investments in consolidated subsidiaries. Our ability to access the financial assets of our operating subsidiaries is restricted by the terms of the indentures for the Unitymedia KabelBW Notes, as defined and described in note 13. Tax considerations and other factors may also limit our ability to access the financial assets of our subsidiaries.

Our sources of liquidity at the parent level include (i) our cash and cash equivalents, (ii) amounts due under the UPC Germany Loan Receivable, (iii) funding from UPC Germany (and ultimately from Liberty Global or other Liberty Global subsidiaries) in the form of loans or contributions, as applicable, and (iv) subject to the certain restrictions, proceeds in the form of distributions or loans from Unitymedia Hessen, Unitymedia NRW, KBW or other subsidiaries. At December 31, 2012, substantially all of our consolidated cash and cash equivalents were held by our subsidiaries.

In addition to cash and cash equivalents, the primary sources of liquidity of Unitymedia Hessen, Unitymedia NRW, KBW and our other operating subsidiaries is cash provided by operations and, in the case of Unitymedia Hessen and Unitymedia NRW, any borrowing availability under the Unitymedia KabelBW Revolving Credit Facilities, as defined and described in note 13. At December 31, 2012, we had combined borrowing capacity of €417.5 million under the Unitymedia KabelBW Revolving Credit Facilities.

The ongoing cash needs of Unitymedia KabelBW include (i) corporate general and administrative expenses and (ii) interest payments on outstanding debt. From time to time, Unitymedia KabelBW may also require cash in connection with (a) the repayment of outstanding debt, (b) the satisfaction of contingent liabilities, (c) acquisitions or (d) other investment opportunities. No assurance can be given that funding from UPC Germany (and ultimately from Liberty Global or other Liberty Global subsidiaries), our subsidiaries or external sources would be available on favorable terms, or at all.

The liquidity of Unitymedia Hessen, Unitymedia NRW, KBW and our other operating subsidiaries generally is used to fund capital expenditures, debt service requirements and other liquidity requirements that may arise from time to time. Our subsidiaries may also require funding in connection with (i) the repayment of outstanding debt, (ii) acquisitions and other investment opportunities or (iii) distributions or loans to Unitymedia KabelBW (and ultimately to Liberty Global or other Liberty Global subsidiaries). No assurance can be given that any external funding would be available to our subsidiaries on favorable terms, or at all.

Our most significant financial obligations are our debt obligations, as described in note 13. The terms of our debt instruments contain certain restrictions, including covenants that restrict our ability to incur additional debt. As a result, additional debt financing is only a potential source of liquidity if the incurrence of any new debt is permitted by the terms of our existing debt instruments.

Our ability to generate cash from our operations will depend on our future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control. We believe that our cash and cash equivalents, the UPC Germany Loan Receivable, the cash provided from the operations of our subsidiaries, and any available borrowings under the Unitymedia KabelBW Revolving Credit Facilities, will be sufficient to fund our currently anticipated working capital needs, capital expenditures and debt service requirements through December 31, 2013, although no assurance can be given that this will be the case. However, as our debt matures 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 refinancing transactions or otherwise extend our debt maturities. In this regard, it is not possible to predict how economic conditions, sovereign debt concerns and/or any adverse regulatory developments could impact the credit markets we access and, accordingly, our future liquidity and financial position. 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.

Our ability to service or refinance our debt and to maintain compliance with our leverage covenants is dependent primarily on our ability to maintain or increase the Adjusted EBITDA of our operating subsidiaries and to achieve adequate returns on our capital expenditures and acquisitions. In addition, our ability to obtain additional debt financing is limited by the leverage covenants contained in our and our subsidiaries' various debt instruments. In this regard, if our Adjusted EBITDA were to decline, we could be required to repay or limit our borrowings under the Unitymedia KabelBW Revolving Credit Facilities 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. As we use the term, Adjusted EBITDA is defined as EBITDA before stock-based compensation, impairment, restructuring and other operating items and related-party fees and allocations.

We and Liberty Global use budgeting and cash flow forecasting tools to ensure that we will have sufficient resources to timely meet our liquidity requirements. We and Liberty Global also maintain a liquidity reserve to provide for unanticipated cash outflows.

The following table shows the timing of expected payments based on the contractually agreed upon terms for our financial liabilities as of December 31, 2012:

	Payments due during:						
	2013	2014	2015	2016	2017	Thereafter	Total
	in millions						
Debt principal:							
Third-party	€ 19.8	€ —	€ —	€ —	€ 906.0	€ 4,273.9	€ 5,199.7
Related-party	—	—	—	—	—	1,311.8	1,311.8
Debt interest[(a)]:							
Third-party	354.4	383.7	383.7	383.7	383.7	1,021.6	2,910.8
Related-party	125.2	125.2	125.2	125.2	125.2	1,025.1	1,651.1
Finance lease obligations:							
Principal	0.6	0.3	0.3	0.2	0.3	4.5	6.2
Interest	0.6	0.5	0.5	0.4	0.4	3.1	5.5
Accrued liabilities (including related-party accrued liabilities)	214.4	—	—	—	—	—	214.4
Accounts payable (including related-party accounts payable)	107.1	—	—	—	—	—	107.1
Total	€ 822.1	€ 509.7	€ 509.7	€ 509.5	€ 1,415.6	€ 7,640.0	€ 11,406.6

(a) Amounts are based on interest rates, interest payment dates and contractual maturities in effect as of December 31, 2012. 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 agreements, deferred financing costs, premiums and discounts or commitment fees, all of which affect our overall cost of borrowing.

For information concerning a financing transaction completed subsequent to December 31, 2012, see note 19.

Market Risk

Because we have certain debt that is denominated in United States (U.S.) dollars and other debt that has a floating interest rate, we are exposed to market risks relating to fluctuations in the foreign exchange rate between the U.S. dollar and the euro and changes in the EURIBOR. Each of these risks is discussed below.

Interest rate risk

Our exposure to market risk for changes in interest rates relates primarily to the Unitymedia KabelBW Revolving Credit Facilities.

With respect to our fixed rate debt, changes in interest rates will impact the fair value of the debt instrument but not our cash flows. If however, we were to refinance our fixed rate debt, we would be exposed to interest rate risk with respect to the debt we would incur with respect to any such refinancing. While we and Liberty Global typically strive to mitigate this risk by refinancing well before the debt matures, no assurance can be given that we would be able obtain new debt financing on terms that are as attractive as our existing debt. As we do not carry our debt at fair value, changes in the fair value of our debt typically would not impact our results of operations.

For purposes of demonstrating the sensitivity of the interest expense on the Unitymedia KabelBW Revolving Credit Facilities to changes in interest rates, we present the change that would result from a hypothetical instantaneous change in the 3-month EURIBOR of 50 basis points (0.50%) as of December 31, 2012, holding all other variables constant. This sensitivity analysis assumes that this hypothetical rate was in effect, and that all of the available borrowings under the Unitymedia KabelBW Revolving Credit Facilities were outstanding, for the entire year. This analysis is presented for illustrative purposes only. In practice, market rates rarely change in isolation and are likely to be interdependent. The annual impacts of these hypothetical changes in interest rates are as follows:

	Increase of 0.50%	Decrease of 0.50%
	in millions	
Increase (decrease) in interest expense	€ 2.1	€ (2.1)
Increase (decrease) in loss from continuing operations before income taxes	€ 2.1	€ (2.1)

Foreign currency risk

Our reporting currency is the euro. We historically have not had, and do not expect in the future to have, material amounts of cash inflows or outflows that are denominated in currencies other than the euro, with the exception of interest and principal payments on the UM Dollar Senior Secured Exchange Notes and the December 2012 UM Dollar Senior Secured Notes (as defined and described in note 13). Accordingly, these interest and principal payments represent our only material foreign currency risk. In accordance with our and Liberty Global's risk management policies, we have entered into cross-currency swaps to synthetically convert the interest and principal payments due under the UM Dollar Senior Secured Exchange Notes and the December 2012 UM Dollar Senior Secured Notes into euros throughout the term of such notes.

For purposes of demonstrating the sensitivity of (i) the outstanding principal and accrued interest associated with the UM Dollar Senior Secured Exchange Notes and the December 2012 UM Dollar Senior Secured Notes and (ii) the fair value of the related cross-currency swaps to changes in foreign currency exchange rates, we present the changes in these items that would result from a hypothetical instantaneous change in the euro to U.S. dollar foreign currency exchange rate of 10% as of December 31, 2012, holding all other variables constant. This sensitivity analysis assumes that the UM Dollar Senior Secured Exchange Notes and the December 2012 UM Dollar Senior Secured Notes and the related cross-currency swaps were outstanding for the entire year. This analysis is presented for illustrative purposes only. In practice, market rates rarely change in isolation and are likely to be interdependent. The annual impacts of these hypothetical changes in foreign exchange rates are as follows:

	Value of euro relative to U.S dollar	
	10% increase	10% decrease
	in millions	
Increase (decrease) in foreign currency transaction gains	€ 110.6	€ (110.6)
Decrease (increase) in loss associated with change in fair value of cross-currency swaps	(142.9)	142.9
Decrease (increase) in loss from continuing operations before income taxes	€ (32.3)	€ 32.3

Capital Management

We manage our capital to ensure that we will be able to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, Liberty Global may determine to cause our company to return capital to our shareholder or make loans to our shareholder or other Liberty Global subsidiaries. In addition, Liberty Global may determine to cause one or more of its subsidiaries to provide funding to our company in the form of loans or capital contributions, as applicable.

We monitor our debt capital on the basis of our leverage covenants. As further discussed above, our ability to service or refinance our debt and to maintain compliance with our leverage covenants is dependent primarily on our ability to maintain or increase the Adjusted EBITDA of our operating subsidiaries and to achieve adequate returns on our capital expenditures and acquisitions. For additional information regarding our debt, see note 13.

(5) Common Control Transfer, Acquisitions and Discontinued Operation

In May 2012, in conjunction with the Unitymedia KabelBW Exchange, as defined and described in note 13, UPC Germany completed the KBW Fold-in by transferring its 100% ownership interest in UPC Germany Holdings to Unitymedia Hessen. We have accounted for this common control transfer at carryover basis and the applicable prior period information has been retrospectively revised to give effect to the change in reporting entities for all periods during which we and the Kabel BW Group were under the common control of Liberty Global (namely all periods beginning on or after the December 15, 2011 acquisition of a then indirect parent of KBW by a then indirect subsidiary of UPC Germany Holdings). Prior to December 15, 2011, UPC Germany Holdings had no operating results, cash flows or capital transactions.

Consideration for the transfer of all outstanding shares of UPC Germany Holdings to Unitymedia Hessen in the amount of €1,230.0 million was based upon a valuation of UPC Germany Holdings as of the date of transfer. This amount, which was settled in the form of the 2012 Shareholder Loan to UPC Germany, was recorded as a capital transaction during the second quarter of 2012. For additional information regarding the 2012 Shareholder Loan, see note 13.

The following table sets forth the retrospective effects of this common control transfer on our December 31, 2011 consolidated balance sheet:

	As previously reported	Common control adjustments	As retrospectively revised
		in millions	
Current assets	€ 132.6	€ 63.7	€ 196.3
Property and equipment, net	€ 2,041.2	€ 1,419.5	€ 3,460.7
Goodwill	€ 1,436.1	€ 1,406.9	€ 2,843.0
Intangible assets subject to amortization, net	€ 562.3	€ 692.0	€ 1,254.3
Total assets	€ 4,329.5	€ 3,608.5	€ 7,938.0
Current liabilities	€ 279.6	€ 182.6	€ 462.2
Noncurrent debt and finance lease obligations	€ 2,915.5	€ 2,295.3	€ 5,210.8
Total liabilities	€ 3,519.1	€ 2,723.6	€ 6,242.7
Additional paid-in capital	€ 1,178.5	€ 892.5	€ 2,071.0
Accumulated deficit	€ (368.1)	€ (7.6)	€ (375.7)
Shareholder's equity	€ 810.4	€ 884.9	€ 1,695.3
Total liabilities and shareholder's equity	€ 4,329.5	€ 3,608.5	€ 7,938.0

The following table sets forth the retrospective effects of this common control transfer on our operating results for the year ended December 31, 2011:

	As previously reported	Common control adjustments	As retrospectively revised
		in millions	
Revenue	€ 1,025.2	€ 27.8	€ 1,053.0
OpEx	€ 271.9	€ 9.2	€ 281.1
SG&A	€ 140.6	€ 4.1	€ 144.7
Depreciation and amortization	€ 388.3	€ 12.6	€ 400.9
Net financial and other expense	€ (337.9)	€ (11.5)	€ (349.4)
Income tax benefit	€ 16.1	€ 2.1	€ 18.2
Net loss	€ (133.7)	€ (7.6)	€ (141.3)

The following table sets forth the retrospective effects of this common control transfer on our operating results for the three months ended March 31, 2012, which are included in the amounts reported in our consolidated statement of operations for the year ended December 31, 2012:

	As previously reported	Common control adjustments	As retrospectively revised
		in millions	
Revenue	€ 270.9	€ 159.7	€ 430.6
OpEx	€ (76.0)	€ (48.7)	€ (124.7)
SG&A	€ (39.5)	€ (17.4)	€ (56.9)
Depreciation and amortization	€ (98.7)	€ (55.2)	€ (153.9)
Net financial and other expense	€ (67.3)	€ (49.2)	€ (116.5)
Income tax benefit	€ 13.7	€ 2.3	€ 16.0
Net loss	€ (5.7)	€ (12.6)	€ (18.3)

Acquisition of KBW

On December 15, 2011, UPC Germany HoldCo 2 GmbH (UPC Germany HC2), a then wholly-owned subsidiary of UPC Germany Holdings, acquired all of the outstanding shares of Kabel BW Musketeer GmbH (KBW Musketeer) pursuant to a sale and purchase agreement dated March 21, 2011 with Oskar Rakso S.àr.l (Oskar Rakso) as the seller (the LGI/KBW Transaction). KBW Musketeer was the indirect parent company of KBW. UPC Germany HC2's cost to acquire KBW Musketeer has been reflected in these consolidated financial statements as of the December 15, 2011 acquisition date. At closing, Oskar Rakso transferred its KBW Musketeer shares and assigned the balance of a loan receivable from KBW Musketeer to UPC Germany HC2 in consideration of UPC Germany HC2's payment of €1,062.4 million in cash (the KBW Purchase Price). UPC Germany provided an €892.5 million capital contribution and a €169.9 million intercompany loan to UPC Germany HC2 to fund the KBW Purchase Price. The KBW Purchase Price, together with KBW's consolidated net debt at December 15, 2011 (aggregate fair value of debt and finance lease obligations outstanding less cash and cash equivalents) of € 2,153.4 million, resulted in total consideration of €3,215.8 million. The acquisition was completed in order to achieve certain financial, operational and strategic benefits through the integration of KBW with our company, and, to a lesser extent, with Liberty Global's other broadband communications operations in Europe.

As part of a reorganization that was effected through a series of mergers and consolidations, KBW Musketeer and its immediate subsidiary, Kabel BW Erste Beteiligungs GmbH, were merged into UPC Germany HC2 and UPC Germany HC2 was subsequently merged into KBW. As a result of these

transactions, which were effective upon registration in March 2012, UPC Germany HoldCo1 GmbH (UPC Germany HC1) became the immediate parent company of KBW and the issuer of the KBW Senior Notes (as defined and described in note 13). As a result of the May 2012 completion of the KBW Fold-in, as described in note 1, the immediate parent of UPC Germany HC1 became part of our consolidated borrowing group. For additional information, see note 13. Additionally, UPC Germany HC1 and Kabel Baden-Württemberg Verwaltungs-GmbH were merged into KBW in August 2012.

The LGI/KBW Transaction was subject to the approval of the Federal Cartel Office (FCO) in Germany, which approval was received in December 2011 upon final agreement of certain commitments we made to address the competition concerns of the FCO, as outlined below:

(a) We committed to the distribution of basic digital television channels (as opposed to channels marketed in premium subscription packages) on our entire network in unencrypted form commencing January 1, 2013. This commitment generally covers free-to-air television channels in standard definition and high definition (HD) and is consistent with the practice that had been adopted by KBW prior to the LGI/KBW Transaction. If, however, free-to-air television broadcasters request their HD content to be distributed in an encrypted HD package, the encryption of free-to-air HD channels is still possible. In addition, we made a commitment that, through December 31, 2016, the annual carriage fees we receive for each such free- to-air television channel distributed in digital or simulcast in digital and analog would not exceed a specified annual amount, determined by applying our applicable rate card systems as of January 1, 2012;

(b) Effective January 1, 2012, we waived exclusivity rights in access agreements with housing associations with respect to the usage of infrastructures other than our in-building distribution networks to provide television, broadband internet or telephony services within the building;

(c) Effective January 1, 2012, upon expiration of the minimum term of an access agreement with a housing association, we will transfer the ownership rights to the in-building distribution network to the building owner or other party granting access. In addition, we waived the rights to remove in-building distribution networks; and

(d) A special early termination right was granted with respect to certain of our existing access agreements (the Remedy HA Agreements) with the largest housing associations that cover more than 800 dwelling units and which had a remaining term of more than three years as of December 15, 2011. The total number of dwelling units covered by the Remedy HA Agreements was approximately 340,000 as of December 15, 2011. The special termination right may be exercised on or before September 30 of each calendar year up to the expiration of the current contract term, with termination effective as of January 1 or July 1 of the following year. If the special termination right is exercised, compensation will be paid to partially reimburse our company for unamortized investments in modernizing the in-building network based on an agreed formula. To the extent we are successful in obtaining renewals of the Remedy HA Agreements, we expect that these renewed contracts will contain pricing and other provisions that are somewhat less favorable to our company than those in previous agreements. At December 31, 2012, approximately 40% of the dwelling units covered by the Remedy HA Agreements remain subject to the special termination right.

In January 2012, two of our competitors, including the incumbent telecommunications operator, each filed an appeal against the FCO regarding its decision to approve the LGI/KBW Transaction. We believe that the FCO's decision will ultimately be upheld and we currently intend to support the FCO in defending the decision. In addition, we do not expect that the filing of these appeals will have any impact on the ongoing integration and development of our operations. The ultimate resolution of this matter is expected to take up to four years, including the appeals process.

The FCO is investigating customary practices regarding the duration of contracts with multiple dwelling units for analog television services, including with respect to one such contract that the FCO had previously identified between our company and a landlord as potentially being subject to amendment by order. The FCO indicated that the contract term of 10 years may be an infringement of European and German antitrust laws and that it is inclined to open a test case that could set a precedent for all (or almost all) market participants. We cannot predict the outcome of these FCO proceedings, however, any FCO

decision that would limit the duration of our contracts with multiple dwelling units could have a material adverse impact on the financial condition and results of operations of our company.

We have accounted for the LGI/KBW Transaction using the acquisition method of accounting, whereby the total purchase price was allocated to the acquired identifiable net assets based on assessments of their respective fair values, and the excess of the purchase price over the fair values of these identifiable net assets was allocated to goodwill.

A summary of the KBW Purchase Price and the opening balance sheet of KBW Musketeer as of the December 15, 2011 acquisition date is presented in the following table. The opening balance sheet presented below reflects our final purchase price allocation (in millions).

Cash and cash equivalents	€ 179.7
Other current assets[(a)]	46.3
Property and equipment, net	1,421.9
Goodwill[(b)]	1,405.6
Intangible assets subject to amortization[(c)]	694.5
Other noncurrent assets	27.0
Current portion of debt and finance lease obligations	(39.3)
Other current liabilities	(131.8)
Noncurrent debt and finance lease obligations	(2,293.8)
Other noncurrent liabilities	(247.7)
KBW Purchase Price	€ 1,062.4

(a) Includes trade accounts receivables of €18.9 million, net of an allowance for impairment of €4.9 million, and other current receivables of €2.4 million.

(b) The goodwill recognized is primarily attributable to (i) the ability to take advantage of the existing advanced broadband communications networks of KBW to gain immediate access to potential customers and (ii) substantial synergies that are expected to be achieved through the integration of KBW with our other broadband communications operations in Germany. We expect that €294.2 million of the goodwill recognized as of December 15, 2011 will be deductible for tax purposes.

(c) Amounts primarily include intangible assets related to customer relationships. At December 15, 2011, the weighted average useful life of KBW's intangible assets was approximately 10 years.

The following pro forma consolidated operating results for the year ended December 31, 2011 give effect to (i) the LGI/KBW Transaction, (ii) the March 2011 Kabel BW Refinancing, as defined and described in note 13, and (iii) the change in the reporting entities associated with the KBW Fold-in as if such transactions had been completed as of January 1, 2011. As discussed above and further described in note 13, we issued the 2012 Shareholder Loan to UPC Germany in connection with the KBW Fold-in. No interest expense on the 2012 Shareholder Loan is reflected in the following pro forma results prior to the May 2012 issuance date. These pro forma amounts are not necessarily indicative of the operating results that would have occurred if these transactions had occurred on such date. The pro forma adjustments are based on certain assumptions that we believe are reasonable.

	Year ended December 31, 2011
	in millions
Revenue:	
Subscription revenue:	
Video	€ 924.0
Broadband internet	220.8
Telephony	292.5
Total subscription revenue	1,437.3
Non-subscription revenue	193.1
	1,630.4
Operating costs and expenses:	
OpEx	460.5
SG&A	206.2
Impairment, restructuring and other operating items, net	3.9
Related-party fees and allocations	35.8
	706.4
EBITDA	924.0
Depreciation and amortization	618.2
EBIT	305.8
Financial and other expense:	
Interest expense:	
Third-party	(425.2)
Related-party	(99.9)
Foreign currency transaction losses, net	(50.6)
Realized and unrealized gains on derivative instruments, net	18.0
Other income, net	0.8
Net financial and other expense	(556.9)
Loss before income taxes	(251.1)
Income tax benefit	40.7
Net loss	€ (210.4)
Further details of OpEx and SG&A:	
Direct costs (programming and copyright, interconnect and other)	€ 161.5
Staff-related costs (excluding restructuring charges)	149.7
Network operating costs	136.4
Sales and marketing costs	90.3
Other indirect costs	128.8
	€ 666.7
Further details of impairment, restructuring and other operating items, net:	
Restructuring credits	€ (0.2)
Gain on disposal of assets	(1.3)
Asset impairments	5.2
Direct acquisition costs and other	0.2
	€ 3.9

Acquisition of Old Unitymedia

On January 28, 2010, Unitymedia KabelBW completed the LGI/Unitymedia Transaction, whereby Unitymedia KabelBW paid cash of €2,006.0 million (the Old Unitymedia Purchase Price), to acquire from Unity Media S.C.A. all of the issued and outstanding capital stock of Old Unitymedia. In addition to the Old Unitymedia Purchase Price, we acquired Old Unitymedia's net debt (aggregate principal amount of debt and finance lease obligations outstanding less cash and cash equivalents) of €1,586.3 million at January 28, 2010 and incurred direct acquisition costs of €23.3 million, which were recorded during the first quarter of 2010 and which are included in impairment, restructuring and other operating items in our consolidated statement of operations. The LGI/Unitymedia Transaction was completed in order to achieve certain financial, operational and strategic benefits through the integration of Old Unitymedia with Liberty Global's existing European operations.

The Old Unitymedia Purchase Price was funded with (i) €849.2 million of cash from the escrow accounts associated with the 2009 UM Notes, as defined and described in note 13, and (ii) loans payable to UPC Germany, as further described in note 13.

We have accounted for the LGI/Unitymedia Transaction using the acquisition method of accounting, whereby the total purchase price was allocated to the acquired identifiable net assets 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 summarized financial position of Unitymedia KabelBW (after giving retrospective effect to the Unitymedia Merger) as of January 28, 2010 is presented in the following table. The opening balance sheet presented below reflects our final purchase price allocation (in millions):

Cash	€ 125.9
Accounts receivable	197.0
Other current assets	20.3
Property and equipment, net	2,028.4
Goodwill[(a)]	1,436.1
Intangible assets subject to amortization[(b)]	732.2
Other noncurrent assets, net	23.4
Current portion of debt and finance lease obligations	(0.7)
Other current liabilities	(437.6)
Noncurrent debt and finance lease obligations	(1,711.5)
Other noncurrent liabilities	(407.5)
Old Unitymedia Purchase Price	€ 2,006.0

(a) The goodwill recognized in connection with the LGI/Unitymedia Transaction is primarily attributable to (i) the ability to take advantage of Old Unitymedia'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 Old Unitymedia with Liberty Global's other broadband communications operations in Europe.

(b) Amount primarily includes intangible assets related to customer relationships, which had a useful life of approximately seven years at the acquisition date.

The following pro forma statement of operations data of Unitymedia KabelBW for the year ended December 31, 2010 gives effect to (i) the Unitymedia Merger, (ii) the LGI/Unitymedia Transaction and (iii) the March 2, 2010 Unitymedia Debt Pushdown, as defined and described in note 13, as if such transactions had been completed as of January 1, 2010. These pro forma amounts are not necessarily indicative of the operating results that would have occurred if these transactions had occurred on such date. The pro forma adjustments are based on certain assumptions that we believe are reasonable.

	Year ended December 31, 2010
	in millions
Revenue:	
Subscription revenue:	
Video	€ 618.0
Broadband internet	88.8
Telephony	117.5
Total subscription revenue	824.3
Non-subscription revenue	110.9
	935.2
Operating costs and expenses:	
OpEx	273.6
SG&A	140.7
Impairment, restructuring and other operating items, net	26.7
Related-party fees and allocations	23.8
	464.8
EBITDA	470.4
Depreciation and amortization	351.8
EBIT	118.6
Financial and other expense:	
Interest expense:	
Third-party	(247.7)
Related-party	(93.5)
Foreign currency transaction losses, net	(13.1)
Realized and unrealized gains on derivative instruments, net	33.2
Other income	1.5
Net financial and other expense	(319.6)
Loss before income taxes	(201.0)
Income tax benefit	33.1
Loss from continuing operations	€ (167.9)
Further details of OpEx and SG&A:	
Direct costs (programming and copyright, interconnect and other)	€ 86.5
Staff-related costs	92.2
Network operating costs	90.5
Sales and marketing costs	74.6
Other indirect costs	70.5
	€ 414.3
Further details of impairment, restructuring and other operating items, net:	
Restructuring charges	€ 3.4
Direct acquisition costs	23.3
	€ 26.7

Discontinued Operation

Effective September 30, 2010, we closed down the DTH operations of our arena segment. The operating results of our arena segment during 2010 are classified as a discontinued operation in our consolidated statement of operations and are summarized in the following table (in millions):

Revenue	€ 7.8
Operating costs and expenses	€ 7.1
EBITDA	€ 0.7
Loss before income taxes	€ (0.8)
Income tax benefit	€ 2.0
Earnings from discontinued operation	€ 1.2

(6) Derivative Instruments

We have entered into certain derivative instruments to manage interest rate exposure and foreign currency exposure with respect to the U.S. dollar. Portions of the notional amounts of the derivative instruments that were originally entered into by the Kabel BW Group in March 2011 in order to manage the U.S. dollar currency risks and the variable interest rate risks associated with the KBW Notes (as defined in note 13) were transferred to Unitymedia Hessen in connection with the KBW Fold-in and the remaining notional amounts were canceled. For additional information regarding the KBW Fold-in, see notes 5 and 13. Hedge accounting is not applied to our interest rate and cross-currency swaps.

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

	December 31, 2012			December 31, 2011[a]		
	Current[b]	Noncurrent[b]	Total	Current[b]	Noncurrent[b]	Total
	in millions					
Assets:						
Cross-currency derivative contracts[c]	€ 2.0	€ 56.9	€ 58.9	€ 4.9	€ 93.7	€ 98.6
Liabilities:						
Cross-currency and interest rate derivative contracts[c]	€ —	€ 5.7	€ 5.7	€ 6.3	€ 7.3	€ 13.6

(a) As retrospectively revised — see note 5.

(b) Our current derivative assets and liabilities are included in other current assets and other current liabilities, respectively, and our noncurrent derivative assets and liabilities are included in other noncurrent assets and other noncurrent liabilities, respectively, in our consolidated balance sheets.

(c) We consider credit risk in our fair value assessments. As of December 31, 2012 and 2011, (i) the fair values of our cross- currency derivative contracts that represented assets have been reduced by credit risk valuation adjustments aggregating €4.5 million and €10.0 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 €1.7 million and €0.5 million, respectively. The adjustments to our derivative assets relate to credit risk associated with counterparty nonperformance and 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. The changes in the credit risk valuation adjustments associated with our derivative instruments resulted in net gains (losses) of €6.7 million, (€7.4 million) and (€7.4 million) during 2012, 2011 and 2010,

respectively. These amounts are included in realized and unrealized gains (losses) on derivative instruments, net, in our consolidated statements of operations. For further information concerning our fair value measurements, see note 7.

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

	Year ended December 31,		
	2012	2011[a]	2010
	in millions		
Cross-currency derivative contracts	€ (37.5)	€ 26.3	€ 41.4
Interest rate derivative contracts[b]	(5.6)	(0.8)	(2.6)
Total	€ (43.1)	€ 25.5	€ 38.8

(a) As retrospectively revised — see note 5.

(b) During the third quarter of 2012, our interest rate derivative contracts were terminated.

The net cash paid or received related to our derivative instruments is classified as an operating, investing or financing activity in our consolidated statements of cash flows based on the objective of the derivative instrument and the classification of the applicable underlying cash flows. For cross-currency or interest rate 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 classifications of our derivative cash flows are as follows:

	Year ended December 31,		
	2012	2011[a]	2010
	in millions		
Operating activities	€ 0.8	€ (8.1)	€ (19.6)
Financing activities	(12.3)	—	(66.6)
Total	€ (11.5)	€ (8.1)	€ (86.2)

(a) As retrospectively revised — see note 5.

The terms of our outstanding cross-currency swap contracts at December 31, 2012 are as follows:

Final maturity date[a]	Notional amount due from counterparty	Notional amount due to counterparty	Interest rate due from counterparty	Interest rate due to counterparty
	in millions			
January 2021	$ 1,000.0	€ 688.2	5.50%	5.58%
March 2019	$ 459.3	€ 326.5	7.50%	7.98%

(a) The notional amount of multiple derivative instruments that mature within the same calendar month are shown in the aggregate and interest rates are presented on a weighted average basis.

(7) Fair Value Measurements

Our derivative instruments are the only financial instruments that were accounted for at fair value as of December 31, 2012. The reported fair values of our derivative instruments as of December 31, 2012 likely will not represent the value that will be realized upon their ultimate settlement or disposition. In this regard, 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.

We disclose fair value measurements according to 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 our derivative instruments in or out of Levels 1, 2 or 3 at the beginning of the quarter during which the transfer occurred. During 2012, no such transfers were made.

We do not have any financial instruments that fall under Level 1 or Level 3 of the fair value hierarchy.

All of our Level 2 inputs (interest rate futures, swap rates, and certain of the inputs for our weighted average cost of capital calculations) and certain of our Level 3 inputs (credit spreads) are obtained from pricing services. These inputs, or interpolations or extrapolations thereof, are used in our internal models to calculate, among other items, yield curves, forward interest and currency rates and weighted average cost of capital 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.

As further described in note 6, 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. All but one 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 applicable 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 are Level 3 inputs that 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 6.

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 cash- generating 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 our company 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. We performed nonrecurring fair value measurements in connection with our October 1, 2012 impairment test and the LGI/KBW Transaction. The discount rate used to value the customer relationships acquired in the LGI/KBW Transaction was 10%. See notes 5 and 8.

The fair values of financial assets and liabilities, together with the carrying amounts shown in our consolidated balance sheets, are as follows:

	Category[b]	December 31, 2012		December 31, 2011[a]	
		Carrying amount	Fair value	Carrying amount	Fair value
		in millions			
Assets carried at fair value — derivative financial instruments	I	€ 58.9	€ 58.9	€ 98.6	€ 98.6
Assets carried at cost or amortized cost:					
Trade receivables and unbilled revenue	II	€ 111.2	€ 111.2	€ 76.5	€ 76.5
Restricted cash	II	1.8	€ 1.8	1.9	€ 1.9
Loan receivable — related-party	II	168.7	[c]	54.0	[c]
Other current and noncurrent financial assets	II	8.0	€ 8.0	10.2	€ 10.2
Cash and cash equivalents	II	20.2	€ 20.2	48.1	€ 48.1
Total assets carried at cost or amortized cost		€ 309.9		€ 190.7	
Liabilities carried at fair value — derivative financial instruments	I	€ 5.7	€ 5.7	€ 13.6	€ 13.6
Liabilities carried at cost or amortized cost:					
Debt obligations	III	€ 5,196.7	€ 5,707.8	€ 5,080.5	€ 5,325.0
Loans payable — related-party	III	1,397.8	[c]	193.1	[c]
Accrued liabilities (including related-party accrued liabilities)	III	214.4	€ 214.4	147.9	€ 147.9
Accounts payable and other (including related-party accounts payable)	III	109.5	€ 109.5	74.7	€ 74.7
Finance lease obligations	V	6.2	€ 6.2	6.3	€ 6.3
Total liabilities carried at cost or amortized cost.		€ 6,924.6		€ 5,502.5	

(a) As retrospectively revised — see note 5.

(b) Pursuant to IAS 39, category I refers to financial assets and liabilities held for trading, category II refers to loans and receivables, category III refers to financial liabilities measured at amortized cost and category IV refers to derivatives designated as hedging instruments. Category V refers to finance leases outside the scope of IAS 39.

(c) Due to the related-party nature of these loans, the fair value is not subject to reasonable estimation.

Pre-tax amounts recognized in our consolidated statements of operations for 2012, 2011 and 2010 related to our financial assets and liabilities are as follows:

	Interest income	Interest expense	Other statement of operations effects[a]	Impact on loss before income taxes
	in millions			
Year ended December 31, 2012:				
Derivative assets carried at fair value through our consolidated statement of operations	€ —	€ —	€ (31.8)	€ (31.8)
Assets carried at cost or amortized cost:				
Trade receivables[b]	—	—	(8.9)	(8.9)
Loan receivable — related-party	2.7	—	—	2.7
Derivative liabilities carried at fair value through our consolidated statement of operations	—	—	(11.3)	(11.3)
Liabilities carried at cost or amortized cost	—	(522.1)	(123.5)	(645.6)
	€ 2.7	€ (522.1)	€ (175.5)	€ (694.9)
Year ended December 31, 2011[c]:				
Derivative assets carried at fair value through our consolidated statement of operations	€ —	€ —	€ 26.4	€ 26.4
Assets carried at cost or amortized cost:				
Trade receivables[b]	—	—	(5.1)	(5.1)
Loan receivable — related-party	0.5	—	—	0.5
Derivative liabilities carried at fair value through our consolidated statement of operations	—	—	(0.9)	(0.9)
Liabilities carried at cost or amortized cost	—	(352.1)	(21.6)	(373.7)
	€ 0.5	€ (352.1)	€ (1.2)	€ (352.8)
Year ended December 31, 2010:				
Derivative assets carried at fair value through our consolidated statement of operations	€ —	€ —	€ 59.6	€ 59.6
Assets carried at cost or amortized cost:				
Trade receivables[b]	0.3	—	(8.4)	(8.1)
Restricted cash	—	—	31.7	31.7
Derivative liabilities carried at fair value through our consolidated statement of operations	—	—	(20.8)	(20.8)
Liabilities carried at cost or amortized cost	—	(342.8)	(47.8)	(390.6)
	€ 0.3	€ (342.8)	€ 14.3	€ (328.2)

(a) Except as noted in (b) below, amounts are included in net financial and other expense in our consolidated statements of operations.

(b) The "Other statement of operations effects" amounts represent provisions for impairment of trade receivables and are included in OpEx in our consolidated statements of operations.

(c) As retrospectively revised — see note 5.

(8) Long-lived Assets

Property and Equipment, Net

Changes during 2012 and 2011 in the carrying amounts of our property and equipment, net, are set forth below:

	Cable distribution systems	Customer premises equipment	Support equipment, buildings and land	Total
	in millions			
Cost:				
January 1, 2012	€ 3,502.6	€ 247.8	€ 150.4	€ 3,900.8
Additions	259.2	126.7	37.5	423.4
Retirements and disposals	(12.6)	(6.4)	(2.5)	(21.5)
December 31, 2012	€ 3,749.2	€ 368.1	€ 185.4	€ 4,302.7
Accumulated depreciation:				
January 1, 2012	€ 340.4	€ 71.7	€ 28.0	€ 440.1
Depreciation	309.2	68.9	23.3	401.4
Retirements and disposals	(10.6)	(4.7)	(3.9)	(19.2)
December 31, 2012	€ 639.0	€ 135.9	€ 47.4	€ 822.3
Property and equipment, net:				
December 31, 2012	€ 3,110.2	€ 232.2	€ 138.0	€ 3,480.4

	Cable distribution systems	Customer premises equipment	Support equipment, buildings and land	Total
	in millions			
Cost:				
January 1, 2011	€ 1,978.5	€ 150.8	€ 106.3	€ 2,235.6
LGI/KBW Transaction (note 5)	1,366.3	37.9	17.7	1,421.9
Additions[(a)]	170.4	65.0	26.5	261.9
Retirements and disposals[(a)]	(12.6)	(5.9)	(0.1)	(18.6)
December 31, 2011[(a)]	€ 3,502.6	€ 247.8	€ 150.4	€ 3,900.8
Accumulated depreciation:				
January 1, 2011	€ 161.9	€ 31.2	€ 13.3	€ 206.4
Depreciation[(a)]	190.2	46.3	14.8	251.3
Retirements and disposals[(a)]	(11.7)	(5.8)	(0.1)	(17.6)
December 31, 2011[(a)]	€ 340.4	€ 71.7	€ 28.0	€ 440.1
Property and equipment, net:				
December 31, 2011[(a)]	€ 3,162.2	€ 176.1	€ 122.4	€ 3,460.7

(a) As retrospectively revised — see note 5.

For information concerning purchase obligations for property and equipment, see note 17. For information concerning pledged assets, see note 13.

Goodwill

We performed our annual review for impairment as of October 1, 2012 and we concluded that the full amount of our goodwill was recoverable. The key assumptions for the value in use calculations used to determine the recoverable amount are those regarding weighted average cost of capital (WACC) and

discount rates and expected changes to selling prices/product offerings and direct costs during the period. These key assumptions were primarily derived from internal sources and external market data and are based on past experience including estimates on the development of revenue and direct cost, customer acquisition and retention costs, churn rates, capital expenditures, market share and growth rates. The calculation uses cash flow projections based on financial budgets approved by management, and projections or extrapolations of our Long Range Plan through 2022. A WACC of 10.2% was applied to the projected cash flows based on the current market assessments of the time value of money and the risks specific to our company and our business plan. Cash flows beyond the 10-year period have been extrapolated using a steady 3.0% growth rate based on historical experience. This growth rate is at the upper range of the long-term average growth rate for the industry, however, we compensated for this estimate by having more company specific risk in our WACC. A period of 10 years prior to implementing a continuing growth rate in the cash flow model is deemed reasonable due to the long-term capital intensive nature of our industry. We believe that any reasonably possible changes in the key assumptions on which the recoverable amount is based would not cause the carrying amount of our goodwill to exceed its recoverable amount.

Changes during 2012 and 2011 in the carrying amount of our goodwill are set forth below (in millions):

January 1, 2011	€ 1,436.1
LGI/KBW Transaction (note 5)	1,406.9
December 31, 2011[(a)]	2,843.0
Adjustments[(b)]	(1.3)
December 31, 2012	€ 2,841.7

(a) As retrospectively revised — see note 5.

(b) Represents the net effect of adjustments recorded to the preliminary acquisition accounting with respect to the LGI/KBW Transaction. For additional information, see note 5.

Intangible Assets Subject to Amortization, Net

Changes during 2012 and 2011 in the carrying amounts of our finite-lived intangible assets are set forth below:

	Customer relationships	Subscriber acquisition costs	Other[(a)]	Total
	in millions			
Cost:				
January 1, 2012	€ 1,358.6	€ 53.7	€ 81.1	€ 1,493.4
Additions	—	73.0	10.6	83.6
Retirements and disposals	—	(53.9)	(1.6)	(55.5)
December 31, 2012	€ 1,358.6	€ 72.8	€ 90.1	€ 1,521.5
Accumulated amortization:				
January 1, 2012	€ 189.0	€ 26.6	€ 23.5	€ 239.1
Amortization	160.1	56.4	21.0	237.5
Retirements and disposals	—	(53.9)	(1.6)	(55.5)
December 31, 2012	€ 349.1	€ 29.1	€ 42.9	€ 421.1
Intangible assets subject to amortization, net:				
December 31, 2012	€ 1,009.5	€ 43.7	€ 47.2	€ 1,100.4

(a) Primarily includes computer software costs and trade names.

	Customer relationships	Subscriber acquisition costs	Other[a]	Total
	in millions			
Cost:				
January 1, 2011	€ 700.0	€ 31.6	€ 39.7	€ 771.3
LGI/KBW Transaction (note 5)	658.6	—	35.9	694.5
Additions[b]	—	47.1	5.5	52.6
Retirements and disposals[b]	—	(25.0)	—	(25.0)
December 31, 2011[b]	€ 1,358.6	€ 53.7	€ 81.1	€ 1,493.4
Accumulated amortization:				
January 1, 2011	€ 88.6	€ 13.1	€ 12.8	€ 114.5
Amortization[b]	100.4	38.5	10.7	149.6
Retirements and disposals[b]	—	(25.0)	—	(25.0)
December 31, 2011[b]	€ 189.0	€ 26.6	€ 23.5	€ 239.1
Intangible assets subject to amortization, net:				
December 31, 2011[b]	€ 1,169.6	€ 27.1	€ 57.6	€ 1,254.3

(a) Primarily includes computer software costs and trade names.

(b) As retrospectively revised — see note 5.

(9) Trade Receivables and Unbilled Revenue, Net

The details of our trade receivables and unbilled revenue are set forth below:

	December 31,	
	2012	2011[a]
	in millions	
Trade receivables, gross	€ 56.5	€ 48.2
Allowance for impairment of trade receivables	(9.9)	(17.0)
Trade receivables, net	46.6	31.2
Unbilled revenue	64.6	45.3
Trade receivables and unbilled revenue, net	€ 111.2	€ 76.5
Noncurrent unbilled revenue[b]	€ 3.5	€ 2.0
Current trade receivables and unbilled revenue, net	€ 107.7	€ 74.5

(a) As retrospectively revised — see note 5.

(b) Noncurrent unbilled revenue, which primarily results from revenue accrued for free and discounted services and other customer incentives during promotional periods, is included in other noncurrent assets in our consolidated balance sheets.

The detailed aging of current trade receivables and related impairment amounts as of December 31, 2012 and 2011 is set forth below:

	December 31, 2012		December 31, 2011[a]	
	Gross trade receivables	Allowance for impairment	Gross trade receivables	Allowance for impairment
	in millions			
Days past due:				
Current	€ 16.1	€ —	€ 15.8	€ —
1 - 30	16.7	0.3	8.8	0.6
31 - 60	5.5	0.6	4.9	2.1
61 - 90	3.8	0.8	3.0	1.4
Over 90	14.4	8.2	15.7	12.9
Total	€ 56.5	€ 9.9	€ 48.2	€ 17.0

(a) As retrospectively revised — see note 5.

At December 31, 2012 and 2011, a total of €30.5 million and €15.4 million, respectively, was past due but not impaired. With respect to these trade receivables, there are no indications that the subscribers will not meet their payment obligations.

The following table shows the development of the allowance for impairment of trade receivables:

	December 31,	
	2012	2011[a]
	in millions	
Allowance at January 1	€ 17.0	€ 15.7
Provisions for impairment of receivables	8.9	5.1
Write-offs of receivables	(16.0)	(8.7)
LGI/KBW Transaction (note 5)	—	4.9
Allowance at December 31	€ 9.9	€ 17.0

(a) As retrospectively revised — see note 5.

When a trade receivable is uncollectible, it is written off against the allowance account. The provision for impairment of trade receivables is included in OPEX in our consolidated statements of operations. We do not hold any trade receivables in a foreign currency.

(10) Other Noncurrent Assets

The details of our other noncurrent assets are set forth as follows:

	December 31,	
	2012	2011[a]
	in millions	
Derivative instruments	€ 56.9	€ 93.7
Prepaid fiber leases	15.9	19.7
Unbilled revenue	3.5	2.0
Restricted cash	1.8	1.9
Other	8.6	5.4
Total other noncurrent assets	€ 86.7	€ 122.7

(a) As retrospectively revised — see note 5.

(11) Accrued Liabilities, Third-Party

The details of our accrued liabilities, third-party are set forth as follows:

	December 31,	
	2012	2011[a]
	in millions	
Accrued expenses (other than payroll related accruals)	€ 138.5	€ 87.8
Accrued capital expenditures	32.4	26.4
Accrued payroll related compensation and benefits	23.0	26.5
Total accrued liabilities, third-party	€ 193.9	€ 140.7

(a) As retrospectively revised — see note 5.

(12) Provisions

The details of our provisions are set forth as follows:

	December 31,	
	2012	2011[a]
	in millions	
Net pension liability	€ 17.5	€ 16.3
Other	19.8	24.5
Total provisions	€ 37.3	€ 40.8
Current portion	€ 17.9	€ 23.0
Noncurrent portion	€ 19.4	€ 17.8

(a) As retrospectively revised — see note 5.

The following table shows the development of provisions:

	Net pension liability	Other	Total
		in millions	
January 1, 2012	€ 16.3	€ 24.5	€ 40.8
Additions	1.5	5.8	7.3
Releases	(0.2)	(7.6)	(7.8)
Cash payments	(0.1)	(2.9)	(3.0)
December 31, 2012	€ 17.5	€ 19.8	€ 37.3
January 1, 2011	€ 8.4	€ 24.3	€ 32.7
LGI/KBW Transaction (note 5)	7.1	6.3	13.4
Additions[a]	0.8	5.8	6.6
Releases[a]	—	(6.3)	(6.3)
Cash payments[a]	—	(5.6)	(5.6)
December 31, 2011[a]	€ 16.3	€ 24.5	€ 40.8

(a) As retrospectively revised — see note 5.

Our expenses related to (i) our contributions to the German statutory pension system, (ii) our defined contribution plan, (iii) our defined benefit pension plan and (iv) our direct insurance aggregated €16.1 million, €10.0 million and €8.9 million during 2012, 2011 and 2010, respectively.

(13) Debt and Finance Lease Obligations

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

	December 31, 2012			Estimated fair value[a]		Carrying value[b]	
	Interest rate[c]	Borrowing currency	Euro equivalent	December 31, 2012	December 31, 2011[d]	December 31, 2012	December 31, 2011[d]
			in millions				
Third-party debt:							
Parent:							
2009 UM Senior Notes	9.625%	€ 665.0	€ 665.0	€ 749.0	€ 686.6	€ 652.7	€ 651.5
UM Senior Exchange Notes	9.500%	€ 618.0	618.0	718.8	—	616.3	—
Subsidiaries:							
2009 UM Euro Senior Secured Notes	8.125%	€ 906.0	906.0	981.3	1,485.2	892.5	1,405.4
2009 UM Dollar Senior Secured Notes	—	—	—	—	686.2	—	641.3
UM Euro Senior Secured Exchange Notes	7.500%	€ 735.1	735.1	810.9	—	741.1	—
UM Dollar Senior Secured Exchange Notes	7.500%	$ 459.3	348.0	383.5	—	354.0	—
September 2012 UM Senior Secured Notes	5.500%	€ 650.0	650.0	668.7	—	650.0	—
December 2012 UM Dollar Senior Secured Notes	5.500%	$ 1,000.0	757.8	785.7	—	757.8	—
December 2012 UM Euro Senior Secured Notes	5.750%	€ 500.0	500.0	521.9	—	500.0	—
New Unitymedia KabelBW Revolving Credit Facility[e]	3.359%	€ 337.5	337.5	—	—	—	—
Unitymedia KabelBW Revolving Credit Facility[e]	2.609%	€ 80.0	80.0	—	77.2	—	80.0
Vendor financing[f]	3.550%	€ 19.8	19.8	19.8	—	19.8	—
KBW Notes[g]	—	—	—	—	2,323.0	—	2,294.4
Total third-party debt before transaction costs and accrued interest	7.394%		5,617.2	€ 5,639.6	€ 5,258.2	5,184.2	5,072.6
Transaction costs						(55.7)	(58.9)
Accrued interest — third-party						68.2	66.8
Total third-party debt						5,196.7	5,080.5
Related-party debt: (note 16)							
2010 shareholder loans payable[h]	8.125%	€ 70.4	70.4	(h)	(h)	70.4	179.2
2012 shareholder loan payable[i]	9.625%	€ 1,230.0	1,230.0	(i)	(i)	1,230.0	—
UMI Loan Payable[j]	10.000%	€ 11.4	11.4	(j)	(j)	11.4	—
Total related-party debt before accrued interest	9.548%		1,311.8			1,311.8	179.2
Accrued interest — related-party						86.0	13.9
Total related-party debt						1,397.8	193.1
Total debt	7.828%		€ 6,929.0			6,594.5	5,273.6
Finance lease obligations						6.2	6.3
Total debt and finance lease obligations						6,600.7	5,279.9
Current portion						(89.7)	(69.1)
Noncurrent portion						€ 6,511.0	€ 5,210.8

(a) The estimated fair values of our debt instruments were determined using the average of applicable bid and ask prices (mostly Level 1 of the fair value hierarchy) or, when quoted market prices are unavailable or not considered indicative of fair value, discounted cash flow models (mostly Level 2 of the fair value hierarchy). The discount rates used in the cash flow models are based on the market interest rates and estimated credit spreads, to the extent available, and other relevant factors. For additional information concerning fair value hierarchies, see note 7.

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

(c) Represents the stated interest rate of the debt instrument as of December 31, 2012 and does not include the impact of our deferred financing costs, premiums or discounts or commitment fees, all of which affect our overall cost of borrowing. Including the effects of derivative instruments, discounts and commitment fees, but excluding the impact of financing costs, our weighted average interest rate on our aggregate third-party indebtedness was approximately 7.6% at December 31, 2012. For information concerning our derivative instruments, see note 6.

(d) As retrospectively revised — see note 5.

(e) Unused borrowing capacity represents the maximum availability under the applicable facility at December 31, 2012 without regard to covenant compliance calculations. At December 31, 2012, € 337.5 million of the borrowing capacity under the New Unitymedia KabelBW Revolving Credit Facility (as defined below) and €80.0 million of the borrowing capacity under the Unitymedia KabelBW Revolving Credit Facility (as defined below) were available to be borrowed.

(f) Represents amounts owed pursuant to interest-bearing vendor financing arrangements that are generally due within one year. Repayments of vendor financing obligations are included in repayments of third-party debt and finance lease obligations in our consolidated cash flow statements.

(g) As further described below, during the second quarter of 2012, (i) all of the KBW Notes (as defined below) were exchanged or redeemed and (ii) KBW's €100.0 million secured revolving credit facility agreement was canceled. The weighted average interest rate on the KBW Notes as of December 31, 2011 was 7.76%.

(h) Represents amounts payable to our shareholder, UPC Germany, comprised of (i) a loan that originated on December 1, 2010 (the December 2010 Loan) and (ii) prior to its conversion to equity during the fourth quarter of 2012, a loan that originated on January 28, 2010 (the January 2010 Loan and, together with the December 2010 Loan, the 2010 Shareholder Loans). The December 2010 Loan (€70.4 million principal balance at December 31, 2012) bears interest at 8.125% per annum and the January 2010 Loan (principal balance of nil at December 31, 2012) bore interest at 8.580% per annum. Accrued interest (€5.3 million at December 31, 2012) on the December 2010 Loan is due and payable on the maturity date of January 1, 2030. Accrued interest is transferred to the loan balances annually on January 1. The net decrease in the principal amount of the 2010 Shareholder Loans during 2012 includes (i) cash borrowings of €856.8 million, (ii) cash payments of €838.4 million, (iii) the conversion of €92.6 million to equity, (iv) a €60.1 million non-cash decrease related to settlements against amounts outstanding pursuant to the UPC Germany Loan Receivable (as defined and described in note 16), (v) the transfer of €13.9 million in non-cash accrued interest to the loan balance and (vi) a non-cash increase of €11.6 million related to the settlement of related-party payables. The net decrease in the principal amount of the 2010 Shareholder Loans during 2011 includes (a) the conversion of €1,014.0 million to equity, (b) the transfer of €85.8 million in non-cash accrued interest to the loan balance, (c) cash borrowings of €82.0 million, (d) cash payments of €82.0 million and (e) a non-cash increase of €26.2 million related to the settlement of related-party payables. The net increase in the principal amount of these loans during 2010 includes (1) cash borrowings of €1,856.0 million, (2) cash payments of €805.1 million and (3) a non-cash increase of €30.3 million related to the settlement of related-party payables. The fair values of the 2010 Shareholder Loans are not subject to reasonable estimation due to the related-party nature of the loans.

(i) Represents a loan payable to our shareholder, UPC Germany, issued in May 2012 as consideration for all outstanding shares of UPC Germany Holdings transferred in connection with the KBW Fold-in. The principal amount of €1,230.0 million was based upon a valuation of UPC Germany Holdings as of the date of transfer. All principal and accrued interest (collectively €1,309.7 million at December 31, 2012) outstanding under this loan is due and payable on December 31, 2025. Interest accrues on the principal balance at 9.625% per annum, is subject to adjustment annually and will be transferred to the loan balance on January 1 of each year. Amounts outstanding may be converted to equity at the option of UPC Germany. The fair value of this loan is not subject to reasonable estimation due to the related-party nature of the loan.

(j) Represents a loan payable to UMI, an entity that is consolidated by UPC Holding, as further described in note 16. All principal (€11.4 million at December 31, 2012) outstanding under this loan is due and payable on December 31, 2025. The principal amount outstanding under this loan bears interest at an agreed upon rate that is subject to adjustment (10.000% per annum at December 31, 2012). Accrued interest (€1.0 million at December 31, 2012) may be, at the option of UMI, (i) transferred to the loan balance annually on January 1 or (ii) repaid on the last day of each month and on the date of principal repayments. The fair value of this loan is not subject to reasonable estimation due to the related-party nature of the loan.

Unitymedia KabelBW Notes and KBW Notes

Unitymedia KabelBW Exchange, Special Optional Redemptions, and KBW Fold-in. In March 2011, certain members of the Kabel BW Group issued the KBW Notes, the net proceeds from which were primarily used to repay the Kabel BW Group's then existing debt and to settle the interest rate swap contracts associated with the bank loans (the March 2011 Kabel BW Refinancing). The KBW Notes consisted of (i) UPC Germany HC1's € 680.0 million principal amount of 9.5% senior notes due 2021 (the KBW Senior Notes) and (ii) KBW's (a) €800.0 million principal amount of 7.5% senior secured notes due 2019 (the KBW Euro Senior Secured Notes), (b) $500.0 million (€378.9 million) principal amount of 7.5% senior secured notes due 2019 (the KBW Dollar Senior Secured Notes and together with the

KBW Euro Senior Secured Notes, the KBW Senior Secured Fixed Rate Notes) and (c) €420.0 million principal amount of senior secured floating rate notes due 2018 (the KBW Senior Secured Floating Rate Notes and together with the KBW Senior Secured Fixed Rate Notes, the KBW Senior Secured Notes).

In May 2012, we completed (i) the exchange (the Unitymedia KabelBW Exchange) of (a) 90.9% of the outstanding principal amount of the KBW Senior Notes for an equal amount of UM Senior Exchange Notes (as defined and described below) and (b) 92.5% of the outstanding principal amount of the KBW Senior Secured Notes for an equal amount of UM Senior Secured Exchange Notes (as defined and described below), (ii) the redemption (the Special Optional Redemptions) of the remaining KBW Notes that were not exchanged pursuant to the Unitymedia KabelBW Exchange and (iii) the KBW Fold-in. The redemption price with respect to the Special Optional Redemptions was 101% of the applicable principal amount thereof, and such redemptions were initially funded with borrowings under the Unitymedia KabelBW Revolving Credit Facility and the New Unitymedia KabelBW Revolving Credit Facility, each as defined and described below. In connection with these transactions, we recognized a loss of €1.1 million representing the difference between the carrying value and redemption price of the debt redeemed pursuant to the Special Optional Redemptions and portions of the notional amounts of the derivative instruments that were originally entered into by the Kabel BW Group in connection with the March 2011 Kabel BW Refinancing were transferred to Unitymedia Hessen and the remaining notional amounts were canceled.

The details of (i) the Unitymedia KabelBW Exchange and (ii) the Special Optional Redemptions are as follows:

	Outstanding principal amount prior to the Unitymedia KabelBW Exchange		Principal amount exchanged pursuant to the Unitymedia KabelBW Exchange		Principal amount redeemed pursuant to the Special Optional Redemptions	
KBW Notes	Borrowing currency	Euro equivalent[a]	Borrowing currency	Euro equivalent[a]	Borrowing currency	Euro equivalent[a]
	in millions					
KBW Senior Notes[b]	€ 680.0	€ 680.0	€ 618.0	€ 618.0	€ 62.0	€ 62.0
KBW Euro Senior Secured Notes[c]	€ 800.0	800.0	€ 735.1	735.1	€ 64.9	64.9
KBW Dollar Senior Secured Notes[d]	$ 500.0	382.0	$ 459.3	350.9	$ 40.7	31.1
KBW Senior Secured Floating Rate Notes[e]	€ 420.0	420.0	€ 395.9	395.9	€ 24.1	24.1
		€ 2,282.0		€ 2,099.9		€ 182.1

(a) Translations are calculated as of the May 4, 2012 transaction date.

(b) The KBW Senior Notes tendered for exchange were exchanged for an equal principal amount of 9.5% senior notes issued by Unitymedia KabelBW due March 15, 2021 (the UM Senior Exchange Notes). Interest is payable semi-annually on March 15 and September 15.

(c) The KBW Euro Senior Secured Notes tendered for exchange were exchanged for an equal principal amount of 7.5% senior secured notes issued by Unitymedia Hessen and Unitymedia NRW (together, the UM Senior Secured Notes Issuers) due March 15, 2019 (the UM Euro Senior Secured Exchange Notes). Interest is payable semi-annually on March 15 and September 15.

(d) The KBW Dollar Senior Secured Notes tendered for exchange were exchanged for an equal principal amount of 7.5% senior secured notes issued by the UM Senior Secured Notes Issuers due March 15, 2019 (the UM Dollar Senior Secured Exchange Notes and, together with the UM Euro Senior Secured Exchange Notes, the UM Senior Secured Fixed Rate Exchange Notes). Interest is payable semi-annually on March 15 and September 15.

(e) The KBW Senior Secured Floating Rate Notes tendered for exchange were exchanged for an equal principal amount of senior secured floating rate notes issued by the UM Senior Secured Notes Issuers due March 15, 2018 (the UM Senior Secured Floating Rate Exchange Notes and, together with the UM Senior Secured Fixed Rate Exchange Notes, the UM Senior Secured Exchange Notes). The UM Senior Secured Floating Rate Exchange Notes bear interest at a rate of EURIBOR plus 4.25% and interest is

payable quarterly on March 15, June 15, September 15 and December 15. We refer to the UM Senior Exchange Notes and the UM Senior Secured Exchange Notes collectively as the "UM Exchange Notes."

September 2012 UM Senior Secured Notes. On September 19, 2012, the UM Senior Secured Notes Issuers issued €650.0 million principal amount of 5.5% senior secured notes due September 15, 2022 (the September 2012 UM Senior Secured Notes). The net proceeds from the issuance of the September 2012 UM Senior Secured Notes were used to redeem in full the UM Senior Secured Floating Rate Exchange Notes at a redemption price of 101%, with the remaining €241.8 million available for general corporate purposes. During the third quarter of 2012, we recognized losses on debt extinguishment of €8.6 million representing the difference between the carrying value and redemption price of the debt redeemed.

December 2012 UM Senior Secured Notes. On December 14, 2012, the UM Senior Secured Notes Issuers issued $1.0 billion (€757.8 million) principal amount of 5.5% senior secured notes due January 15, 2023 (the December 2012 UM Dollar Senior Secured Notes) and €500.0 million principal amount of 5.75% senior secured notes due January 15, 2023 (the December 2012 UM Euro Senior Secured Notes, and together with the December 2012 UM Dollar Senior Secured Notes, the December 2012 UM Senior Secured Notes), each at par. The net proceeds from the issuance of the December 2012 UM Senior Secured Notes were used to purchase and redeem (i) all of the 2009 UM Dollar Senior Secured Notes (as defined and described below) and (ii) €524.0 million of the 2009 UM Euro Senior Secured Notes (as defined and described below). During the fourth quarter of 2012, we recognized losses on debt extinguishment of €133.7 million including a loss of (a) €95.9 million representing the difference between the principal amount and redemption price of the debt redeemed and (b) €37.8 million associated with the write-off of deferred financing costs and an unamortized discount.

2009 UM Notes and the Unitymedia Debt Pushdown. In November 2009, Unitymedia KabelBW issued (i) €1,430.0 million principal amount of 8.125% senior secured notes (the 2009 UM Euro Senior Secured Notes) at an issue price of 97.844%, (ii) $845.0 million (€640.3 million) principal amount of 8.125% senior secured notes (the 2009 UM Dollar Senior Secured Notes and, together with the 2009 UM Euro Senior Secured Notes, the 2009 UM Senior Secured Notes) at an issue price of 97.844% and (iii) €665.0 million principal amount of 9.625% senior notes (the 2009 UM Senior Notes and together with the 2009 UM Senior Secured Notes, the 2009 UM Notes) at an issue price of 97.652%. Interest payments for the 2009 UM Notes are made semi-annually on June 1 and December 1. The net proceeds from the sale of the 2009 UM Notes (€ 2,541.0 million at the transaction date in 2009) were placed into two escrow accounts. On January 28, 2010, we used €849.2 million of cash from the escrow accounts to fund a portion of the Old Unitymedia Purchase Price (see note 5). On March 2, 2010, (a) the remaining balances in the escrow accounts were released in connection with the repayment of Old Unitymedia's then-existing indebtedness (the Old Indebtedness), (b) the obligations under the 2009 UM Euro Senior Secured Notes and the 2009 UM Dollar Senior Secured Notes were assumed by Unitymedia Hessen and Unitymedia NRW and (c) the obligations under the 2009 UM Senior Notes were assumed by Old Unitymedia (collectively, the Unitymedia Debt Pushdown). Additionally, Old Unitymedia's existing undrawn €130.0 million revolving credit facility was canceled. Accrued interest on the Old Indebtedness of €12.8 million in the aggregate was also paid. Old Unitymedia used approximately €198.0 million of its existing cash to repay a portion of the Old Indebtedness. The remainder was repaid by utilizing the escrow cash from the 2009 UM Notes debt offering. Old Unitymedia was merged into Unitymedia KabelBW in September 2010.

We refer to the 2009 UM Notes, the UM Exchange Notes, the September 2012 UM Senior Secured Notes and the December 2012 UM Senior Secured Notes, collectively as the "Unitymedia KabelBW Notes."

The 2009 UM Senior Notes and the UM Senior Exchange Notes are senior obligations of Unitymedia KabelBW that rank equally with all of the existing and future senior debt of Unitymedia KabelBW and are senior to all existing and future subordinated debt of Unitymedia KabelBW. The 2009 UM Senior Notes and the UM Senior Exchange Notes are secured by a first-ranking pledge over the shares of Unitymedia KabelBW and junior-priority share pledges and other asset security of certain subsidiaries of Unitymedia KabelBW.

The 2009 UM Senior Secured Notes, the UM Senior Secured Exchange Notes, the September 2012 UM Senior Secured Notes and the December 2012 UM Senior Secured Notes are (i) senior obligations of the

UM Senior Secured Notes Issuers that rank equally with all of the existing and future senior debt of each UM Senior Secured Notes Issuer and are senior to all existing and future subordinated debt of each of the UM Senior Secured Notes Issuers and (ii) are secured by a first-ranking pledge over the shares of Unitymedia KabelBW and the UM Senior Secured Notes Issuers and certain other share and/or asset security of Unitymedia KabelBW and certain of its subsidiaries.

The Unitymedia KabelBW Notes contain 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 Consolidated Leverage Ratio test, as defined in the applicable indenture. The Unitymedia KabelBW Notes provide that any failure to pay principal prior to expiration of any applicable grace period, or any acceleration with respect to other indebtedness of €25.0 million or more in the aggregate of Unitymedia KabelBW or a UM Senior Secured Notes Issuer or any of the Restricted Subsidiaries (as defined in the applicable indenture) is an event of default under the Unitymedia KabelBW Notes.

Subject to the circumstances described below, the 2009 UM Senior Notes are non-callable until December 1, 2014, the UM Senior Exchange Notes are non-callable until March 15, 2016, the UM Senior Secured Fixed Rate Exchange Notes are non-callable until March 15, 2015, the September 2012 UM Senior Secured Notes are non-callable until September 15, 2017 and the December 2012 UM Senior Secured Notes are non-callable until January 15, 2018.

At any time prior to December 1, 2014 in the case of the 2009 UM Senior Notes, March 15, 2016, in the case of the UM Senior Exchange Notes, March 15, 2015, in the case of the UM Senior Secured Fixed Rate Exchange Notes, September 15, 2017, in the case of the September 2012 UM Senior Secured Notes and January 15, 2018, in the case of the December 2012 UM Senior Secured Notes, Unitymedia KabelBW and the UM Senior Secured Notes Issuers (as applicable) may redeem some or all of the UM Senior Exchange Notes, the UM Senior Secured Fixed Rate Exchange Notes, the September 2012 UM Senior Secured Notes or the December 2012 UM Senior Secured Notes (as applicable) by paying a "make-whole" premium, which is the present value of all remaining scheduled interest payments to the redemption date using the discount rate (as specified in the applicable indenture) as of the redemption date plus 50 basis points.

Unitymedia KabelBW and the UM Senior Secured Notes Issuers (as applicable) may redeem some or all of the Unitymedia KabelBW Notes at the following redemption prices (expressed as a percentage of the principal amount) plus accrued and unpaid interest and Additional Amounts (as defined in the applicable indenture), if any, to the applicable redemption date, if redeemed during the twelve-month period commencing on December 1, in the case of the 2009 UM Senior Notes and the 2009 UM Senior Secured Notes, March 15, in the case of the UM Senior Exchange Notes and the UM Senior Secured Fixed Rate Exchange Notes, September 15, in the case of the September 2012 UM Senior Secured Notes, or January 15, in the case of the December 2012 UM Senior Secured Notes of the years set forth below:

	Redemption Price						
Year	2009 UM Senior Notes	2009 UM Senior Secured Notes	UM Senior Exchange Notes	UM Senior Secured Fixed Rate Exchange Notes	September 2012 UM Senior Secured Notes	December 2012 UM Dollar Senior Secured Notes	December 2012 UM Euro Senior Secured Notes
2013	N.A.	104.063%	N.A.	N.A.	N.A.	N.A.	N.A.
2014	104.813%	102.031%	N.A.	N.A.	N.A.	N.A.	N.A.
2015	103.208%	100.000%	N.A.	103.750%	N.A.	N.A.	N.A.
2016	101.604%	100.000%	104.750%	101.875%	N.A.	N.A.	N.A.
2017	100.000%	100.000%	103.167%	100.000%	102.750%	N.A.	N.A.
2018	100.000%	N.A.	101.583%	100.000%	101.833%	102.750%	102.875%
2019	100.000%	N.A.	100.000%	100.000%	100.917%	101.833%	101.917%
2020	N.A.	N.A.	100.000%	N.A.	100.000%	100.917%	100.958%
2021 and thereafter	N.A.	N.A.	100.000%	N.A.	100.000%	100.000%	100.000%

In addition, at any time prior to September 15, 2015 in the case of the September 2012 UM Senior Secured Notes or January 15, 2016 in the case of the December 2012 UM Senior Secured Notes, the UM

Senior Secured Notes Issuers may redeem up to 40% of the September 2012 UM Senior Secured Notes or the December 2012 UM Senior Secured Notes (at redemption prices of 105.500% in the case of the September 2012 UM Senior Secured Notes and the December 2012 UM Dollar Senior Secured Notes and 105.750% in the case of the December 2012 UM Euro Senior Secured Notes) with the net proceeds from one or more specified equity offerings.

KBW and its immediate parent (collectively, the New UM Guarantors) have granted, in addition to guarantees provided by Unitymedia KabelBW and/or certain of its subsidiaries, as applicable, of the 2009 UM Senior Notes and the 2009 UM Senior Secured Notes, a senior guarantee of the 2009 UM Senior Secured Notes and a senior subordinated guarantee of the 2009 UM Senior Notes. The New UM Guarantors have also granted a senior subordinated guarantee of the UM Senior Exchange Notes and a senior guarantee of the UM Senior Secured Exchange Notes, the September 2012 UM Senior Secured Notes and the December 2012 UM Senior Secured Notes. In addition, the New UM Guarantors have provided certain share and asset security in favor of the 2009 UM Senior Secured Notes, the UM Senior Secured Exchange Notes, the September 2012 UM Senior Secured Notes and the December 2012 UM Senior Secured Notes.

Unitymedia KabelBW and the UM Senior Secured Notes Issuers (as applicable) may redeem all of the Unitymedia KabelBW Notes at prices equal to their respective principal amounts, plus accrued and unpaid interest, upon the occurrence of certain changes in tax law. If Unitymedia KabelBW and the UM Senior Secured Notes Issuers (as applicable) or certain of Unitymedia KabelBW's subsidiaries sell certain assets or experience specific changes in control, Unitymedia KabelBW and the UM Senior Secured Notes Issuers (as applicable) must offer to repurchase the Unitymedia KabelBW Notes at a redemption price of 101%.

Unitymedia KabelBW Revolving Credit Facilities

On May 1, 2012, Unitymedia Hessen entered into a €312.5 million secured revolving credit facility agreement with certain lenders (the New Unitymedia KabelBW Revolving Credit Facility). On August 28, 2012, the New Unitymedia KabelBW Revolving Credit Facility was increased to €337.5 million. The interest rate for the New Unitymedia KabelBW Revolving Credit Facility is EURIBOR plus a margin of 3.25%. Borrowings under the New Unitymedia KabelBW Revolving Credit Facility mature on June 30, 2017. The New Unitymedia KabelBW Revolving Credit Facility provides for an annual commitment fee of 1.25% on the unused portion. Also, on May 1, 2012, Unitymedia KabelBW's existing €80.0 million secured revolving credit facility agreement with certain lenders (the Unitymedia KabelBW Revolving Credit Facility and together with the New Unitymedia KabelBW Revolving Credit Facility, the Unitymedia KabelBW Revolving Credit Facilities) was amended whereby the maturity date was extended to June 30, 2017 and the interest rate was reduced to EURIBOR plus a margin of 2.50%. The Unitymedia KabelBW Revolving Credit Facility is senior to (i) the 2009 UM Notes, (ii) the UM Exchange Notes, (iii) the September 2012 UM Senior Secured Notes, (iv) the December 2012 UM Senior Secured Notes and (v) the New Unitymedia KabelBW Revolving Credit Facility. The Unitymedia KabelBW Revolving Credit Facility provides for an annual commitment fee of 1.00% on the unused portion. In connection with the Special Optional Redemptions (i) the Unitymedia KabelBW Revolving Credit Facility was drawn in full and (ii) borrowings of €105.0 million were drawn against the New Unitymedia KabelBW Revolving Credit Facility. Such borrowings were repaid during the second quarter of 2012. The Unitymedia KabelBW Revolving Credit Facilities may be used for general corporate and working capital purposes.

In addition to customary restrictive covenants and events of default, the Unitymedia KabelBW Revolving Credit Facilities require compliance with a Consolidated Leverage Ratio, as defined in the applicable facility. The Unitymedia KabelBW Revolving Credit Facilities are secured by a pledge over the shares of the borrower and certain other asset security of certain subsidiaries of Unitymedia KabelBW.

Maturities of Debt

For information concerning the maturities of our debt as of December 31, 2012, see note 4.

Non-cash Refinancing Transactions

During 2012, 2011 and 2010, certain of our refinancing transactions included non-cash borrowings and repayments of debt aggregating €2,099.9 million, nil and nil, respectively.

Subsequent Events

For information concerning a financing transaction completed subsequent to December 31, 2012, see note 19.

(14) Income Taxes

Unitymedia KabelBW and its operating subsidiaries consist of three German taxpayers, two of which are German fiscal unities. A German fiscal unity combines individual tax paying entities as one taxpayer for German tax purposes. The combined details of our current and deferred income tax benefit are as follows:

	Year ended December 31,		
	2012	2011[a]	2010
		in millions	
Current tax benefit (expense)	€ 3.0	€ (10.5)	€ (0.7)
Deferred tax benefit	77.3	28.7	36.2
Total	€ 80.3	€ 18.2	€ 35.5

(a) As retrospectively revised — see note 5.

The income tax benefit attributable to our loss from continuing operations before income taxes differs from the income tax benefit computed by applying the German income tax rate of 32.37% for 2012, 31.88% for 2011 and 31.58% for 2010 as a result of the following:

	Year ended December 31,		
	2012[a]	2011[a][b]	2010
		in millions	
Computed expected income tax benefit	€ 109.9	€ 50.8	€ 65.9
Non-deductible or non-taxable interest and other items	(34.1)	(28.1)	(21.4)
Recognized (unrecognized) net operating losses and interest carryforwards, net	6.0	(1.2)	(7.0)
Other, net	(1.5)	(3.3)	(2.0)
Total	€ 80.3	€ 18.2	€ 35.5

(a) The income tax benefit amount for 2012 reflects certain amounts related to prior years, including a current net tax benefit of € 3.0 million and a deferred tax benefit of €10.8 million from the reversal of an unrecognized interest carryforward. The 2011 income tax benefit amount includes a current net tax benefit of €5.2 million related to prior years.

(b) As retrospectively revised — see note 5.

The details of our deferred tax balances at December 31, 2012 and our deferred tax benefit for the year ended December 31, 2012 are as follows:

	December 31, 2012		Year ended December 31, 2012
	Deferred tax assets	Deferred tax liabilities	Recognition in statement of operations
		in millions	
Loss carryforwards	€ 397.1	€ —	€ 92.1
Investments	—	16.0	0.1
Property and equipment	—	536.3	25.2
Intangible assets	—	300.2	37.3
Receivables	—	10.6	(1.8)
Provisions	2.3	—	0.6
Debt obligations	—	1.5	(38.2)
Accrued interest expense	6.1	—	(63.1)
Goodwill	—	19.3	(18.5)
Derivatives	10.0	—	31.1
Loans	13.3	—	13.3
Other	0.5	4.4	(0.8)
Net assets with liabilities within same jurisdiction	(429.3)	(429.3)	—
	€ —	€ 459.0	€ 77.3

The details of our deferred tax balances at December 31, 2011 and our deferred tax benefit for the year ended December 31, 2011 are as follows:

	December 31, 2011[(a)]		Year ended December 31, 2011[(a)]
	Deferred tax assets	Deferred tax liabilities	Recognition in statement of operations
		in millions	
Loss carryforwards	€ 305.0	€ —	€ (31.6)
Investments	—	16.1	(16.1)
Property and equipment	—	562.1	17.1
Intangible assets	—	337.5	20.2
Receivables	—	8.8	(11.5)
Provisions	1.6	—	(0.6)
Debt obligations	36.7	—	24.1
Accrued interest expense	69.2	—	45.1
Goodwill	—	0.8	(0.8)
Derivatives	—	21.1	(17.0)
Other	1.4	4.3	(0.2)
Net assets with liabilities within same jurisdiction	(413.9)	(413.9)	—
	€ —	€ 536.8	€ 28.7

(a) As retrospectively revised — see note 5.

No deferred tax assets have been recognized for the following carryforwards:

	December 31,	
	2012	2011[a]
	in millions	
Interest carryforwards	€ 56.1	€ 71.2
Trade tax loss carryforwards	€ 29.8	€ 53.5
Corporate income tax loss carryforwards	€ 149.7	€ 149.7

(a) As retrospectively revised — see note 5.

Our tax loss carryforwards within each fiscal unity combine all companies' tax losses in that fiscal unity, however, certain jurisdictions limit the ability to offset taxable income of separate company or different tax groups with the tax losses associated with another separate company or group as a result of certain profit and loss pooling agreements made pursuant to relevant tax law. These losses are limited while the agreement is in place. Some losses are limited in use due to change in control.

(15) Shareholder's Equity (Deficit)

Our share capital was €25,000 at December 31, 2012 and 2011 and has been fully paid. All of our shares are held by UPC Germany.

Changes in additional paid-in capital during 2010 relate to a € 17.0 million cash contribution from UPC Germany.

Changes in additional paid-in capital during 2011 relate to (i) a € 892.5 million increase for a contribution of cash in connection with the LGI/KBW Transaction, (ii) a €1,100.0 million increase related to the conversion to equity of €1,014.0 million of principal and € 86.0 million of accrued interest associated with the shareholder loan payable to UPC Germany, (iii) a cash contribution of €61.0 million for an investment in UMI, another Liberty Global subsidiary, and (iv) a €0.5 million increase related to stock-based compensation. For additional information concerning our investment in UMI, see note 16.

Changes in additional paid-in capital during 2012 relate to (i) a € 1,230.0 million decrease for consideration issued in connection with the KBW Fold-in, (ii) a €100.4 million increase related to the conversion to equity of €92.6 million of principal and €7.8 million of accrued interest associated with the shareholder loan payable to UPC Germany, (iii) a €1.1 million decrease representing the excess of the €1.1 million of consideration paid over the nil carrying value of the property and equipment transferred from UPC Holding and (iv) a €1.1 million increase related to stock-based compensation.

One of our indirect parent companies, Liberty Global Europe Holding B.V., granted a financing commitment dated September 30, 2010 to our company in the amount of €75.0 million, all of which has been used. During 2010, €17.0 million was received through an equity contribution and, during the second quarter of 2012, the remaining € 58.0 million was funded through an increase to our 2010 Shareholder Loans.

(16) Related-Party Transactions

Our related-party transactions consist of the following:

	Year ended December 31,		
	2012	2011[a]	2010
		in millions	
OpEx	€ 12.1	€ 6.8	€ 1.4
Allocated stock-based compensation expense	1.1	0.5	—
Fees and allocations	53.7	35.8	23.8
Included in EBIT	66.9	43.1	25.2
Interest expense	98.1	99.9	85.8
Share of associate gain	(3.3)	—	—
Interest income	(1.7)	—	—
Included in net loss	€ 160.0	€ 143.0	€ 111.0
Property and equipment additions	€ 22.1	€ 5.6	€ 1.3

(a) As retrospectively revised — see note 5.

OpEx. These amounts represent certain cash settled charges from other Liberty Global subsidiaries, including charges that originate with UPC Holding, to our company primarily for (i) technology-related costs based on the global contract of another Liberty Global subsidiary for encryption services and (ii) certain backbone costs.

Allocated stock-based compensation expense. These amounts are allocated to our company by Liberty Global and represent the stock-based compensation associated with the Liberty Global stock incentive awards held by certain employees of our subsidiaries. Awards consist of (i) stock appreciation rights, (ii) restricted shares and restricted share units and (iii) performance- based restricted share units (PSUs). PSUs represent the right to receive one share of Liberty Global Series A common stock or Liberty Global Series C common stock, as applicable, subject to performance and vesting as determined by the compensation committee of Liberty Global's board of directors. Stock-based compensation expense is reflected as an increase to shareholder's equity and is included in SG&A in our consolidated statements of operations.

Fees and allocations. These amounts represent charges that originate with UPC Holding and include charges for management, finance, legal, technology, marketing and other services that support our company's broadband communications operations. The amounts charged generally are based on our company's estimated share of the applicable costs (including personnel-related and other costs associated with the services provided) incurred by the other Liberty Global subsidiaries, plus a mark-up. The monthly amounts charged are based on estimated costs that are reviewed and revised on an annual basis, with any differences between the revised and estimated amounts recorded in the period identified. Charges that originate with UPC Holding may be cash or loan settled. With respect to the amounts settled during 2012, 2011 and 2010, all amounts were loan settled with the exception of €25.8 million and €13.1 million that were cash settled during 2012 and 2011, respectively.

In addition, in December 2012, UPC Operations B.V., a subsidiary of UPC Holding, entered into a sub-license license agreement with UPC Germany and UPC Germany, in turn, entered into a sub-license agreement with Unitymedia KabelBW for the use the UPC trademark through April 2, 2017. The sub-license agreement between UPC Germany and Unitymedia KabelBW was effective April 2, 2012 (the date of initial commercial use by Unitymedia KabelBW) and provides for an annual fee for the use of the UPC trademark equal to 0.5% of Unitymedia KabelBW's revenue (as defined in the sub-license agreement). A fee of €5.0 million for the period from April 2, 2012 through December 31, 2012 was recorded during 2012. Sub-license fees are payable quarterly and are to be loan settled unless otherwise determined by UPC Germany.

Depending on the nature of our related-party transactions, the amount of the charges or allocations may be based on (i) estimated or allocated costs, (ii) estimated or allocated costs plus a mark-up or

(iii) commercially negotiated rates. Although we believe that the related-party fees and allocations described above are reasonable, no assurance can be given that the related-party costs and expenses reflected in our consolidated statements of operations are reflective of the costs that we would incur on a standalone basis.

Interest expense. Related-party interest expense relates to (i) our 2010 Shareholder Loans and 2012 Shareholder Loan to UPC Germany and (ii) our loan with UMI. Accrued interest is transferred to the respective loan balance annually on January 1 for the 2010 Shareholder Loans and the 2012 Shareholder Loan. For the loan with UMI, accrued interest may be, at the option of UMI, (a) transferred to the loan balance annually on January 1 or (b) repaid on the last day of each month and on the date of principal repayments. For additional information, see note 13.

Share of associate gain. The 2012 amount relates to the gain received from the investment in UMI, as discussed below. Share of associate gain is reflected in other income (expense), net, in our consolidated statement of operations.

Interest income. The 2012 amount relates to the UPC Germany Loan Receivable, as discussed below. Interest income is reflected in other income (expense), net, in our consolidated statement of operations.

Property and equipment additions. These amounts represent customer premises and network-related equipment acquired from other Liberty Global subsidiaries, including Liberty Global Europe B.V. and UPC Holding. During 2012, 2011 and 2010, €11.1 million, €0.1 million and nil, respectively, of these amounts were cash settled.

UPC Germany loan receivable. Pursuant to our loan agreement with UPC Germany, we can require the repayment of all or part of the amount outstanding pursuant to this loan agreement (€168.7 million at December 31, 2012) within five-days of providing notice to UPC Germany. Amounts loaned to UPC Germany pursuant to this agreement are subject to certain restrictions contained in the instruments governing Unitymedia KabelBW's indebtedness. The interest rate on this loan, which is subject to adjustment, was 2.22% as of December 31, 2012. The net increase in the loan receivable — related-party during 2012 includes (i) cash loaned of €1,248.8 million, (ii) cash received of €1,074.7 million, (iii) a €60.1 million non-cash decrease related to the settlement of amounts due under the 2010 Shareholder Loans, (iv) €1.3 million of accrued interest on the loan receivable and (v) individually insignificant net non-cash decreases of €0.6 million.

Investment in associate. We have an investment in UMI. UMI was formed for the purpose of effecting certain asset purchase and related leasing transactions involving certain of UPC Holding's subsidiaries, including certain purchase and leaseback transactions that were initiated in December 2011. UMI is considered a special purpose entity and is consolidated by UPC Holding. Although UPC Holding has no equity or voting interest in UMI, all of the revenue of UMI is derived from UPC Holding. As such, UPC Holding is required by the provisions of EU-IFRS to consolidate UMI. As a result, we use the equity method to account for our investment in UMI. For more information regarding a loan from UMI to our company, see note 13.

Accounts payable and accrued liabilities — related-party. At December 31, 2012 and 2011, our accounts payable and accrued liabilities — related-party balances represented amounts owed to UPC Holding and other Liberty Global subsidiaries outside of Unitymedia KabelBW for various related-party charges and fees and allocations, as further described above. These amounts may be cash or loan settled.

Shareholder loans. For information regarding our 2010 Shareholder Loans and 2012 Shareholder Loan to UPC Germany, see note 13.

Management Remuneration. Salaries, bonuses and benefit related remuneration of the Managing Directors was €3.1 million, €2.2 million and €2.1 million for 2012, 2011 and 2010, respectively.

Cash contribution. In connection with the LGI/KBW Transaction, we received a €892.5 million cash contribution from UPC Germany. For additional information, see note 15.

(17) Commitments and Contingencies

Commitments

In the ordinary course of business, we have entered into agreements that commit our company to make cash payments in future periods with respect to non-cancelable operating leases, programming contracts, purchases of customer premises equipment and other items. These include several long-term term agreements with Deutsche Telekom and its affiliates with respect to usage and access for underground cable duct space, the use of fiber optic transmission systems, tower and facility space. In general, these agreements primarily impose fixed prices for a limited period of time, which may then be raised to reflect services requested additionally and increased costs, subject to index-linked limitations. Some agreements impose prices based on the cost to Deutsche Telekom of services that are passed through to us. In accordance with EU-IFRS, we treat these agreements as operating rather than finance leases or as other commitments, as applicable. We expect that in the ordinary course of business, operating leases that expire generally will be renewed or replaced by similar leases.

Expenses for operating leases included in our consolidated statements of operations were €119.0 million, €73.3 million and € 64.4 million during 2012, 2011 and 2010, respectively. Details of our operating lease contracts and the respective significant leasing arrangements are as follows:

Lease	Terms	Terms of renewal	Purchase options	Contingent rent
Building	1 - 20 years	1 - 5 years	No	No
Dark fiber	1 - 19 years	1 - 5 years	No	No
Colocation area	1 - 14 years	1 month - 1 year	No	No
Cable ducts	1 - 30 years	1 - 5 years	No	No

As of December 31, 2012, the operating leases, programming commitments and other commitments that are not reflected in our consolidated balance sheet are as follows:

	Payments due during:						
	2013	2014	2015	2016	2017	Thereafter	Total
				in millions			
Operating leases	€ 105.2	€ 101.6	€ 97.9	€ 94.2	€ 92.3	€1,074.8	€1,566.0
Programming commitments	10.7	8.6	1.9	0.5	—	—	21.7
Other commitments	83.7	30.3	21.0	17.5	17.5	2.0	172.0
	€ 199.6	€ 140.5	€ 120.8	€ 112.2	€ 109.8	€1,076.8	€1,759.7

Operating leases include indefinite-lived lease agreements with Deutsche Telekom for cable ducts. During 2012, the aggregate fees for these leases were €75.6 million. We have the legal right to cancel these agreements with a notice period of 24 months, however, the technological requirements to replace leased capacity represent economic penalties that would result in the reasonably assured continuance of the leases for a longer period of time. Due to German law governing the statute of limitations, the agreements in effect represent a maximum lease term of 30 years, after which time Deutsche Telekom has certain additional rights under the lease. Accordingly, the operating lease amounts included in the above table reflect payments under the Deutsche Telekom lease agreements through the applicable statutory termination dates.

Programming commitments consist of obligations associated with certain of our programming contracts, that are enforceable and legally binding on us in that we have agreed to pay minimum fees without regard to (i) the actual number of subscribers to the programming services, (ii) whether we terminate cable service to a portion of our subscribers or dispose of a portion of our cable systems or (iii) whether we discontinue our premium movie and sports services. The amounts reflected in the table with respect to these contracts are significantly less than the amounts we expect to pay in these periods under these contracts. Payments to programming vendors have in the past represented, and are expected to continue to represent in the future, a significant portion of our operating costs.

Other commitments include (i) certain service commitments with Deutsche Telekom, (ii) certain fiber capacity commitments, (iii) service and supply agreements and (iv) commitments to purchase customer premises equipment that are enforceable and legally binding on us.

Legal Proceedings

Deutsche Telekom Litigation. On December 28, 2012, we filed a lawsuit against Telekom Deutschland GmbH, an operating subsidiary of Deutsche Telekom, in which we assert that we pay excessive prices for the co-use of Deutsche Telekom's cable ducts in our footprint. The Federal Network Agency approved rates for the co-use of certain ducts of Telekom Deutschland GmbH in March 2011. Based in part on these approved rates, we are seeking a reduction of the annual lease fee (approximately €76 million for 2012) by approximately two-thirds and the return of similarly calculated overpayments from 2009 through the ultimate settlement date, plus accrued interest. The resolution of this matter may take several years and no assurance can be given that our claims will be successful. Any recovery by our company will not be reflected in our consolidated financial statements until such time as the final disposition of this matter has been reached.

Guarantees and Other Credit Enhancements

In the ordinary course of business, we have provided indemnifications to purchasers of certain of our assets, our lenders, our vendors and certain other parties. In addition, we have provided 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.

Regulatory Issues

Our existing and planned activities in the cable television, broadband internet and telephony industries are subject to significant regulation and supervision by various regulatory bodies, including state authorities in the jurisdictions in which we operate, and German and EU 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 capital expenditures. In addition, regulation may restrict our operations and subject them to further competitive pressure, including pricing restrictions, interconnect and other access obligations, and restrictions or controls on content, including content provided by third parties. Failure to comply with current or future regulation could expose our businesses to various penalties.

Other

We have contingent liabilities related to legal proceedings and other matters arising in the ordinary course of business. We expect that the amounts, if any, which may be required to satisfy these contingencies will not be material in relation to our financial position or results of operations.

(18) Disclosures According to Generally Accepted Accounting Principles in Germany

The average aggregate number of full-time and part-time employees during 2012 was 2,490 and the average number of full- time equivalent (FTE) employees was 2,424. During 2012, our operating departments, which include network and customer operations and customer services, employed an average of 1,843 FTE employees and our administration departments, consisting of sales and marketing, finance, information technology and other general services, employed an average of 581 FTE employees. Average employee calculations are based on quarterly averages.

Our auditor has received the following remuneration for the respective services:

	Year ended December 31,		
	2012	2011[a]	2010
	in millions		
Audit of financial statements	€ 0.9	€ 1.0	€ 0.5
Assurance services[b]	0.8	0.2	0.1
Other services	—	—	0.1
Total	€ 1.7	€ 1.2	€ 0.7

(a) As retrospectively revised — see note 5.

(b) Amount for 2012 does not include approximately €1.5 million of charges from third-party insurance companies that were passed through to our company by our auditor in connection with comfort letters that were issued in connection with debt financing transactions.

(19) Subsequent Events

Unitymedia KabelBW Notes

On January 21, 2013, the UM Senior Secured Notes Issuers issued € 500.0 million principal amount of 5.125% senior secured notes due January 21, 2023 (the January 2013 UM Senior Secured Notes). The net proceeds from the issuance of the January 2013 UM Senior Secured Notes were used to redeem a portion of the 2009 UM Euro Senior Secured Notes.

The January 2013 UM Senior Secured Notes are (i) senior obligations of the UM Senior Secured Notes Issuers that rank equally with all of the existing and future senior debt of each UM Senior Secured Notes Issuer and are senior to all existing and future subordinated debt of each of the UM Senior Secured Notes Issuers and (ii) are secured by a first-ranking pledge over the shares of Unitymedia KabelBW and the UM Senior Secured Notes Issuers and certain other share and/or asset security of Unitymedia KabelBW and certain of its subsidiaries.

The January 2013 UM Senior Secured 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 Consolidated Leverage Ratio test, as defined in the indenture.

Subject to the circumstances described below, the January 2013 UM Senior Secured Notes are non-callable until January 21, 2018. At any time prior to January 21, 2018 the UM Senior Secured Notes Issuers may redeem some or all of the January 2013 UM Senior Secured Notes by paying a "make-whole" premium, which is the present value of all remaining scheduled interest payments to the redemption date using the discount rate (as specified in the indenture) as of the redemption date plus 50 basis points.

The UM Senior Secured Notes Issuers may redeem some or all of the January 2013 UM Senior Secured Notes at the following redemption prices (expressed as a percentage of the principal amount) plus accrued and unpaid interest and Additional Amounts (as defined in the indenture), if any, to the redemption date, if redeemed during the twelve-month period commencing on January 21 of the years set forth below:

Year	Redemption Price
2018	102.563%
2019	101.708%
2020	100.854%
2021 and thereafter	100.000%

In addition, at any time prior to January 21, 2016, the UM Senior Secured Notes Issuers may redeem up to 40% of the January 2013 UM Senior Secured Notes (at redemption prices of 105.125%) with the net proceeds from one or more specified equity offerings.

The UM Senior Secured Notes Issuers may redeem all of the January 2013 UM Senior Secured Notes at prices equal to their respective principal amounts, plus accrued and unpaid interest, upon the occurrence of certain changes in tax law. If the UM Senior Secured Notes Issuers or certain of Unitymedia KabelBW's subsidiaries sell certain assets or experience specific changes in control, the UM Senior Secured Notes Issuers must offer to repurchase the January 2013 UM Senior Secured Notes at a redemption price of 101%.

Independent Auditor's Report (Translation)

The following auditor's report (Bestätigungsvermerk) has been issued in accordance with § 322 German Commercial Code (Handelsgesetzbuch) in German language on the German version of the consolidated financial statements of Unitymedia GmbH as of and for the fiscal year ended December 31, 2011 and the group management report. The group management report is not included here. The management discussion & analysis was not subject to the audit.

"Independent Auditor's Report

We have audited the consolidated financial statements prepared by Unitymedia GmbH, Cologne, comprising the consolidated balance sheets, the consolidated statements of operations, the consolidated statements of changes in shareholder's equity (deficit), the consolidated statements of cash flows and the notes to the consolidated financial statements, together with the group management report for the business year from January 1, 2011 to December 31, 2011. The preparation of the consolidated financial statements and the group management report in accordance with IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a I HGB (Handelsgesetzbuch "German Commercial Code") are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer Institute of Public Auditor's in Germany (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a I HGB and give a true and fair view of the net assets, financial position and results of operations of Unitymedia GmbH in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development."

Düsseldorf, March 28, 2012

KPMG AG
Wirtschaftsprüfungsgesellschaft

Original German version signed by:

Wallraf	Laue
Wirtschaftsprüfer	Wirtschaftsprüfer
German Public Auditor	German Public Auditor

UNITYMEDIA GMBH

CONSOLIDATED BALANCE SHEETS

	December 31,	
	2011	2010
	in millions	
ASSETS		
Current assets:		
Cash and cash equivalents	€ 20.1	€ 58.7
Trade receivables and unbilled revenue, net (note 9)	44.7	35.2
Loan receivable — related party (note 17)	54.0	—
Other current assets (note 6)	13.8	11.4
Total current assets	132.6	105.3
Property and equipment, net (note 8)	2,041.2	2,029.2
Goodwill (note 8)	1,436.1	1,436.1
Intangible assets subject to amortization, net (note 8)	562.3	656.8
Investment in associate (note 17)	61.0	—
Other noncurrent assets (notes 6, 9 and 10)	96.3	72.7
Total noncurrent assets	4,196.9	4,194.8
Total assets	€ 4,329.5	€ 4,300.1

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

UNITYMEDIA GMBH

CONSOLIDATED BALANCE SHEETS (Continued)

	December 31,	
	2011	2010
	in millions	
LIABILITIES AND SHAREHOLDER'S EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	€ 32.7	€ 34.3
Accrued liabilities (note 11)	112.1	133.2
Accounts payable and accrued liabilities — related party (note 17)	13.4	4.2
Corporate income taxes payable	10.1	1.1
Current provisions (note 12)	18.4	24.3
Deferred revenue and advance payments from subscribers and others	64.3	73.7
Current portion of debt and finance lease obligations (note 13)	22.7	21.8
Other current liabilities (note 6)	5.9	17.1
Total current liabilities	279.6	309.7
Noncurrent debt and finance lease obligations (note 13):		
Third party	2,722.4	2,689.8
Related party	193.1	1,167.0
Deferred tax liabilities (note 15)	307.1	333.3
Noncurrent provisions (note 12)	9.1	8.4
Other noncurrent liabilities	7.8	9.3
Total noncurrent liabilities	3,239.5	4,207.8
Total liabilities	3,519.1	4,517.5
Commitments and contingencies (note 14)		
Shareholder's equity (deficit) (note 16):		
Share capital	—	—
Additional paid-in capital	1,178.5	17.0
Accumulated deficit	(368.1)	(234.4)
Total shareholder's equity (deficit)	810.4	(217.4)
Total liabilities and shareholder's equity	€ 4,329.5	€ 4,300.1

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

UNITYMEDIA GMBH

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended December 31,		Period from October 23, 2009 to December 31, 2009
	2011	2010	
		in millions	
Revenue	€ 1,025.2	€ 866.9	€ —
Operating costs and expenses:			
Operating (other than depreciation and amortization) (OpEx) (note 17)	271.9	251.4	—
Selling, general and administrative expenses (other than depreciation and amortization) (including stock-based compensation) (SG&A) (note 17)	140.6	130.4	—
Restructuring and other operating charges (note 5)	0.5	26.7	—
Related-party fees and allocations, net (note 17)	35.8	23.8	—
Total operating costs and expenses	448.8	432.3	—
Earnings before interest, taxes, depreciation and amortization (EBITDA)	576.4	434.6	—
Depreciation and amortization	388.3	324.5	—
Earnings before interest and taxes (EBIT)	188.1	110.1	—
Financial and other expense:			
Interest expense:			
Third party	(244.7)	(257.0)	(27.1)
Related party (note 17)	(99.9)	(85.8)	—
Foreign currency transaction losses, net	(20.2)	(16.1)	(0.6)
Realized and unrealized gains (losses) on derivative instruments, net (note 6)	27.7	38.8	(35.7)
Other income (expense), net	(0.8)	1.4	0.9
Net financial and other expense	(337.9)	(318.7)	(62.5)
Loss from continuing operations before income taxes	(149.8)	(208.6)	(62.5)
Income tax benefit (note 15)	16.1	35.5	—
Loss from continuing operations, net of taxes	(133.7)	(173.1)	(62.5)
Earnings from discontinued operations (note 5)	—	1.2	—
Net loss / comprehensive loss[(a)]	€ (133.7)	€ (171.9)	€ (62.5)
Further details of OpEx and SG&A:			
Direct costs (interconnect, programming, copyright and other)	€ 87.5	€ 79.3	€ —
Staff-related costs (excluding restructuring charges)	96.7	85.4	—
Network operating costs	85.9	83.6	—
Sales and marketing costs	62.0	68.4	—
Other indirect costs	80.4	65.1	—
	€ 412.5	€ 381.8	€ —
Further details of restructuring and other operating charges:			
Staff-related costs	€ 0.4	€ 3.4	€ —
Direct acquisition costs	0.1	23.3	—
	€ 0.5	€ 26.7	€ —

(a) There were no items of comprehensive earnings or loss in the current year or prior periods other than the loss for the period and, accordingly, no statements of comprehensive earnings or loss are presented.

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

UNITYMEDIA GMBH

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY (DEFICIT)

	Additional paid-in capital	Accumulated deficit	Total shareholder's equity (deficit)
		in millions	
Balance at October 23, 2009	€ —	€ —	€ —
Net loss	—	(62.5)	(62.5)
Balance at December 31, 2009	—	(62.5)	(62.5)
Net loss	—	(171.9)	(171.9)
Equity contribution (note 16)	17.0	—	17.0
Balance at December 31, 2010	17.0	(234.4)	(217.4)
Net loss	—	(133.7)	(133.7)
Conversion of related-party loans to equity (notes 13 and 16)	1,100.0	—	1,100.0
Equity contribution (note 16)	61.0	—	61.0
Stock-based compensation (note 17)	0.5	—	0.5
Balance at December 31, 2011	€1,178.5	€ (368.1)	€ 810.4

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

UNITYMEDIA GMBH

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		Period from October 23, 2009 to December 31, 2009
	2011	2010	
		in millions	
Cash flows from operating activities:			
Net loss	€ (133.7)	€ (171.9)	€ (62.5)
Earnings from discontinued operations	—	(1.2)	—
Loss from continuing operations	(133.7)	(173.1)	(62.5)
Adjustments to reconcile loss from continuing operations to net cash provided by operating activities:			
Stock-based compensation expense	0.5	—	—
Restructuring and other operating charges	0.5	26.7	—
Related-party fees and allocations, net	35.8	23.8	—
Depreciation and amortization	388.3	324.5	—
Amortization of deferred financing costs and non-cash interest accretion	12.1	10.9	1.2
Non-cash related-party interest expense	99.9	85.8	—
Foreign currency transaction losses, net	20.2	16.1	0.6
Realized and unrealized losses (gains) on derivative instruments, net	(27.7)	(38.8)	35.7
Deferred tax benefit	(26.1)	(36.2)	—
Changes in operating assets and liabilities, net of the effects of acquisitions and dispositions	(52.4)	(14.0)	25.9
Net cash used by discontinued operations	(2.9)	(9.9)	—
Net cash provided by operating activities	314.5	215.8	0.9
Cash flows from investing activities:			
Capital expenditures	(298.6)	(243.3)	—
Investment in associate	(61.0)	—	—
Advances to a Liberty Global subsidiary	(54.0)	—	—
Cash paid in connection with acquisitions, net of cash acquired	—	(1,880.1)	—
Other investing activities	0.2	0.2	—
Net cash used by investing activities	(413.4)	(2,123.2)	—
Cash flows from financing activities:			
Repayments of third-party debt and finance lease obligations	(160.7)	(1,770.6)	—
Borrowings of third-party debt	160.0	165.0	2,605.3
Contributions from parent	61.0	17.0	—
Decrease (increase) in cash collateral	—	2,593.6	(2,541.1)
Net related-party borrowings	—	1,050.9	—
Net cash paid related to derivative instruments	—	(66.6)	—
Payment of financing costs and debt premiums	—	(27.0)	(65.1)
Other financing activities	—	3.8	—
Net cash provided (used) by financing activities	60.3	1,966.1	(0.9)
Net increase (decrease) in cash and cash equivalents	(38.6)	58.7	—
Cash and cash equivalents:			
Beginning of period	58.7	—	—
End of period	€ 20.1	€ 58.7	€ —
Cash paid for interest (excluding payments related to derivative instruments)	€ 231.9	€ 265.3	€ —
Net cash paid for taxes:			
Continuing operations	€ 3.6	€ 12.8	€ —
Discontinued operations	—	4.3	—
	€ 3.6	€ 17.1	€ —

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

(1) General and Basis of Presentation

Unitymedia GmbH (Unitymedia), is an indirect subsidiary of Liberty Global, Inc. (Liberty Global). Unitymedia was formed by Liberty Global on October 15, 2009 and registered with the trade register on October 23, 2009 in contemplation of the issuance of debt financing in connection with Unitymedia's then potential acquisition of the entity (Old Unitymedia) that owned the second largest cable operator in Germany. The sole shareholder of Unitymedia is UPC Germany Holding B.V. (UPC Germany Holding), an indirect subsidiary of Liberty Global. In the following text, the terms "Unitymedia," "we," "our," "our company," and "us" may refer, as the context requires, to Unitymedia or collectively to Unitymedia and its subsidiaries.

Unitymedia, which operates in the German states of North Rhine-Westphalia and Hesse, provides video, broadband internet and telephony services to its customers. In addition to this core business, Unitymedia's arena segment operated a direct-to-home satellite (DTH) digital pay-TV platform that, as further described in note 5, we closed down effective September 30, 2010. We have presented Unitymedia's arena segment as a discontinued operation in our consolidated statements of operations and cash flows. As such, all statement of operations and cash flow statement amounts presented in the notes to these consolidated financial statements relate only to our continuing operations, unless otherwise noted.

On September 16, 2010, Old Unitymedia merged with Unitymedia and Unitymedia became the surviving entity (the Unitymedia Merger). The Unitymedia Merger, along with the new basis of accounting that resulted from Unitymedia's January 28, 2010 acquisition of 100% of Old Unitymedia (the LGI/Unitymedia Transaction), has been given effect as of January 28, 2010 in the accompanying consolidated financial statements. Accordingly, Old Unitymedia is not included in our historical consolidated financial statements prior to January 28, 2010. For additional information concerning the LGI/Unitymedia Transaction, see note 5.

Our annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU-IFRS) and the additional requirements of German Commercial Law pursuant to Sec. 315 a (3) German Commercial Code (HGB).

The UM Senior Secured Notes and UM Senior Notes, as defined and described in note 13, are listed on the Official List of the Luxembourg Stock Exchange and are admitted to trading on the Euro MTF Market, which is not a regulated market (as defined by Article 1(13) of Directive 93/22/EEC).

Our functional currency is the euro. Unless otherwise indicated, convenience translations into euros are calculated as of December 31, 2011.

These consolidated financial statements were approved for publication by the Managing Directors on March 28, 2012.

(2) Accounting Changes and Recent Pronouncements

First-time Application of Accounting Standards

The application of the following accounting standards did not have any impact on our consolidated financial statements:

Standard/ Interpretation	Title	Applicable for reporting periods beginning on or after	Date of endorsement by the EU
Annual Improvements to IFRS (May 2010)	Collection of amendments to several standards and interpretations	January 1, 2011 Partly applicable: July 1, 2010	February 18, 2011
IFRS 1(amendments)	Limited exemption from comparative IFRS 7 disclosures for first-time adopters	July 1, 2010	June 30, 2010
International Accounting Standard (IAS) 24 (revised)	Related party disclosures	January 1, 2011	July 19, 2010

Standard/ Interpretation	Title	Applicable for reporting periods beginning on or after	Date of endorsement by the EU
IAS 32 (amendments)	Classification of Rights Issues	February 1, 2010	December 23, 2009
IFRS Interpretations Committee (IFRIC) 14 (amendments)	IAS 19 — The limit of a defined benefit asset, minimum funding requirements and their interaction	January 1, 2011	July 19, 2010
IFRIC 19	Extinguishing financial liabilities with equity instruments	July 1, 2010	July 23, 2010

In May 2010, as part of its project of annual improvements, the International Accounting Standards Board (IASB) issued a collection of amendments to six accounting standards and one interpretation, which include amendments in relation to recognition, measurement and presentation of transactions as well as terminology and editorial amendments. The application of these amendments did not have any significant impact on our consolidated financial statements.

New Accounting Standards, Not Yet Effective

The following accounting standards have been issued by the IASB but are not yet effective for the reporting period. We have not early adopted any of these accounting standards.

Standard/ Interpretation	Title	Applicable for reporting periods beginning on or after	Date of endorsement by the EU
IAS 1 (amendments)	Presentation of items of other comprehensive income	July 1, 2012	Not yet endorsed
IAS 12 (amendments)	Deferred tax: recovery of underlying assets	January 1, 2012	Not yet endorsed
IAS 19 (revised)	Amendments to IAS 19 employee benefits	January 1, 2013	Not yet endorsed
IAS 27 (amendments)	Separate financial statements	January 1, 2013	Not yet endorsed
IAS 28 (amendments)	Investments in associates and joint ventures	January 1, 2013	Not yet endorsed
IAS 32 (amendments)	Offsetting Financial Assets and Financial Liabilities	January 1, 2014	Not yet endorsed
IFRS 1 (amendments)	Severe hyperinflation and removal of fixed dates for first-time adopters	July 1, 2011	Not yet endorsed
IFRS 7 (amendments)	Amendments to IFRS 7 financial instruments: disclosures	July 1, 2011	November 22, 2011
IFRS 7 (amendments)	Disclosures — Offsetting Financial Assets and Financial Liabilities	January 1, 2013	Not yet endorsed
IFRS 9	Financial instruments	January 1, 2015	Not yet endorsed
IFRS 10	Consolidated financial statements	January 1, 2013	Not yet endorsed
IFRS 11	Joint arrangements	January 1, 2013	Not yet endorsed
IFRS 12	Disclosure of interests in other entities	January 1, 2013	Not yet endorsed
IFRS 13	Fair value measurement	January 1, 2013	Not yet endorsed

We have not fully evaluated the impacts of applying these new, but not yet effective accounting standards on our consolidated financial statements, however, we currently do not expect the impact to be material.

(3) Summary of Significant Accounting Policies

Estimates

The preparation of financial statements in conformity with EU-IFRS 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, deferred income taxes and the related recognition of deferred tax assets, loss contingencies, fair value measurements, impairment assessments, capitalization of internal costs associated with construction and installation activities, useful lives of long-lived assets, and stock-based compensation. Actual results could differ from those estimates.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation, including the reclassification of capitalized labor from other indirect costs to staff-related costs within our OpEx and SG&A.

Principles of consolidation

The accompanying consolidated financial statements include our accounts and the accounts of all voting interest entities where we exercise a controlling financial interest through the ownership of a direct or indirect controlling voting interest and special purpose entities over which we exercise control. All significant intercompany accounts and transactions have been eliminated in consolidation. Investments in special purpose entities that we do not control are accounted for using the equity method.

In addition to Unitymedia, the parent company, the following subsidiaries were included in our consolidated financial statements at December 31, 2011:

Name of subsidiary[a]	Headquarters location	Share of equity %
Unitymedia Management GmbH[b]	Cologne, Germany	100.0
Unitymedia Hessen Verwaltung GmbH	Cologne, Germany	100.0
Unitymedia Hessen GmbH & Co. KG (Unitymedia Hessen)[c]	Cologne, Germany	100.0
Unitymedia NRW GmbH (Unitymedia NRW)[b]	Cologne, Germany	100.0
Unitymedia Services GmbH[b]	Cologne, Germany	100.0
iesy Hessen Verwaltungs-GmbH	Cologne, Germany	100.0
Arena Sport Rechte und Marketing GmbH	Cologne, Germany	100.0

(a) Unitymedia International GmbH (UMI), an entity in which Unitymedia owns a 100% equity interest, is excluded from our list of subsidiaries as UMI is a special purpose entity which is controlled by UPC Holding B.V. (UPC Holding), another Liberty Global subsidiary. For additional information regarding our accounting for UMI, see note 17. We will publish statutory accounts for UMI.

(b) Exempt from publishing statutory accounts pursuant to Sec. 264 (3) HGB.

(c) Exempt from publishing statutory accounts pursuant to Sec. 264b HGB.

Cash and cash equivalents and restricted cash

Cash and cash equivalents include cash on hand and demand deposits which have a maturity of three months or less at the time of acquisition. Cash and cash equivalents are measured at cost.

Restricted cash includes cash held in escrow and cash pledged as collateral. Restricted cash amounts that are required to be used to purchase noncurrent assets or repay noncurrent debt are classified as noncurrent assets. All other cash that is restricted to a specific use is classified as current or noncurrent based on the expected timing of the disbursement.

Trade receivables

Our trade receivables are initially measured at fair value and subsequently reported at amortized cost, net of an allowance for impairment of trade receivables. The allowance for impairment of trade receivables is estimated based upon our assessment of anticipated loss related to uncollectible accounts receivable. We use a number of factors in determining the allowance, including, among other things, collection trends, prevailing and anticipated economic conditions, specific customer and historical experience. The allowance is maintained until either receipt of payment or the likelihood of collection is considered to be remote.

Property and equipment

Property and equipment are measured at initial cost less accumulated depreciation and any accumulated impairment losses. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. The initial cost comprises the purchase price, borrowing costs (if applicable), costs of construction including direct materials and labor, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the costs of dismantling and removing the items and restoring the site on which the assets are located. No borrowing costs were capitalized during the periods presented.

Depreciation is computed on a straight-line basis over the estimated useful lives of each major component of an item of property and equipment. The distribution systems have estimated useful lives ranging from 3 to 30 years. Support equipment and buildings (including leasehold improvements) have estimated useful lives ranging from 3 to 20 years. Land is not depreciated. Depreciation methods, useful lives, and residual values are reviewed at each reporting date and may be adjusted based on management's expectations of future use.

Property and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. Impairment exists when the carrying value exceeds the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. For purposes of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). We have determined that our property and equipment is part of a single cash-generating unit for purpose of impairment testing. Impairment losses are reversed if the reasons for the impairment loss no longer exist or the impairment loss has decreased.

Subsequent costs are included in the assets' carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will be achieved and when the cost can be measured reliably. The carrying amount of any replaced item is derecognized. All other expenditures for repairs and maintenance are expensed as incurred.

Gains and losses due to disposals are included in restructuring and other operating charges.

Intangible assets

Our primary intangible assets are goodwill, customer relationships, trade name, subscriber acquisition costs and software. Goodwill and intangible assets with indefinite useful lives are not amortized, but instead are tested for impairment at least annually. Intangible assets with finite lives are amortized over their respective estimated useful lives on a straight-line basis and reviewed for impairment when circumstances warrant. Each reporting period we evaluate the estimated useful lives of our intangible assets that are subject to amortization to determine whether events or circumstances warrant revised estimates of useful lives.

Goodwill represents the excess purchase price over the fair value of the identifiable net assets acquired. Goodwill is tested for impairment annually, or more frequently when there is an indication that it may be impaired. We have identified one cash-generating unit to which all goodwill is assigned. If the recoverable amount (i.e. the higher of fair value less costs to sell or value in use) of the cash-generating unit is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets pro-rata on the basis of the carrying amount of each asset. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Customer relationships and trade name are recognized at their fair values in connection with business combinations and are amortized over lives of approximately 7 years and 5 years, respectively. Subscriber acquisition costs are recognized as incurred when such costs are directly attributable to obtaining a new customer contract, are paid to a third party, can be measured reliably and meet the definition of an intangible asset. Subscriber acquisition costs are amortized over the applicable contractual life, which generally ranges from 1 to 2 years.

Costs associated with maintaining computer software are expensed as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by us for which it is probable that the expected future economic benefits attributable to the assets would flow to our company beyond one year are recognized as intangible assets. Capitalized internal-use software costs include only external direct costs of materials and services consumed in developing or obtaining the software and payroll and payroll-related costs for employees who are directly associated with and who devote time to the project. Capitalization of these costs ceases no later than the point at which the project is substantially complete and ready for its intended purpose. Capitalized internal-use software costs are amortized on a straight-line basis over their applicable expected useful lives, which generally approximate 3 years. Where no internal-use intangible asset can be recognized, development expenditures are expensed as incurred.

Subsequent expenditures related to intangible assets are capitalized only when the expenditures increase the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditures on internally generated brands, are expensed as incurred.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to us. Property and equipment acquired by way of a finance lease are initially stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease. The leased asset is subsequently depreciated over the shorter of its useful life or the lease term and is subject to impairment assessments as a component of the applicable cash-generating unit. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding lease obligations, net of finance charges, are included in noncurrent debt with the interest element of the lease payment charged to our consolidated statements of operations over the lease period. All other leases are classified as operating lease payments and recognized in our consolidated statements of operations on a straight-line basis over the term of the lease.

We have entered into various long-term service level agreements with Deutsche Telekom AG (Deutsche Telekom) and certain of its affiliates that are significant to our business, in particular for the lease of cable duct space. Generally, the terms per the agreements are unlimited, yet we have certain termination rights which are entirely at our discretion. According to German law, lease agreements are subject to a termination right of either party after a term of 30 years. We do not capitalize these cable ducts as finance leases as a result of management assumptions made regarding the expected usage of the cable ducts at the inception of the contracts.

Financial Instruments

Cash and cash equivalents, current trade and other receivables, other current assets, accounts payable, accrued liabilities, subscriber advance payments and deposits and other current liabilities are initially recognized at fair value and subsequently carried at amortized cost. Due to their relatively short maturities, the carrying values of these financial instruments approximate their respective fair value. The carrying amounts of trade receivables with a remaining term of more than one year are included in noncurrent assets and the carrying amount of these receivables approximates their fair value.

Loans and other receivables are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

For information concerning the fair value of our debt, see note 13.

Derivative instruments

All derivative instruments are recorded on the balance sheet at fair value. Although we enter into derivative instruments to manage foreign exchange risk, we do not apply hedge accounting to any of our derivative instruments. Changes to the fair value of our derivative instruments are recognized in the line item realized and unrealized gains (losses) on derivative instruments in our consolidated statements of operations.

Bonds and bank liabilities

Bonds and bank liabilities are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value of our bond and bank liabilities is recognized in our consolidated statements of operations over the respective terms of the borrowings using the effective interest method.

Provisions

Provisions are liabilities of uncertain timing and/or amount. A provision is recognized when a present legal or constructive obligation as a result of a past event exists, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Foreign Currency Transactions

The euro is our functional currency. Transactions denominated in currencies other than the euro are recorded based on exchange rates at the time such transactions arise. Changes in exchange rates with respect to monetary items (e.g. cash held in a foreign currency or assets and liabilities to be received or paid in a fixed or determinable number of foreign currency units) recorded in our consolidated balance sheet result in transaction gains and losses that are reflected in our consolidated statement of operations as foreign currency transaction gains (losses).

Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of our activities. Revenue is presented net of value-added tax, rebates and discounts and after eliminating intercompany sales within the consolidated group.

We derive revenue from five main business activities: our digital and analog cable television products and services, broadband internet services, telephony products and services (including subscription and usage fees) and carriage fees paid by broadcasters.

Revenue is recognized when services have been provided, the costs incurred can be measured reliably, and we are not obliged to provide any future services. Prepayments are deferred and amortized on a straight-line basis over the service period.

When free or discounted service periods or other customer incentives are offered to customers in relation to a subscription, we recognize the total amount of billable revenue that we expect to receive from customers in equal monthly installments over the term of the contract provided that we have the enforceable and contractual right to deliver products to the customer after the promotional period. If free months are given without a contract at the beginning of a subscription period, we do not recognize revenue during the free months as the customer's continuance is not assured.

For multiple element arrangements, the recognition criteria of revenue are applied to the separately identifiable components of the transaction. A component within an arrangement is separated if it has standalone value to the customer and if its fair value can be measured reliably. The fair value of the consideration received or receivable is allocated to the separate components of the arrangement using the residual fair value method.

Revenue resulting from the sale of goods is realized when the significant risks and rewards of ownership are transferred to the customer.

Installation fees generally are recognized as services are rendered.

For information regarding our policy for allocating product revenue, see *Segments* below.

Income taxes

Current taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities at undiscounted values. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted as of the balance sheet date.

Deferred taxes

Generally, deferred taxes are recognized for any temporary differences between the tax base and the EU-IFRS base, except in situations where goodwill is not recognized for tax purposes.

Deferred tax assets are recognized for deductible temporary differences and tax loss and interest carryforwards, if it is probable that future taxable earnings will be available against which the unused tax losses or temporary differences can be utilized. However, deferred tax assets are not recognized if the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting earnings nor taxable earnings.

The recoverability of the carrying value of deferred taxes is determined based on management's estimates of future taxable earnings. If it is no longer probable that enough future taxable earnings will be available against which the unused tax losses or temporary differences can be used, an impairment in a corresponding amount is recognized on the deferred tax assets.

Deferred taxes are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred taxes are not discounted.

If the changes in the value of assets or liabilities are recognized in a separate component of equity, the change of value of the corresponding deferred tax assets and liabilities are also recognized in this separate component of equity (instead of income tax expense).

Deferred tax assets and liabilities are offset in our consolidated balance sheets if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

For additional information concerning our income taxes, see note 15.

Segments

Through September 30, 2010, we had two segments, cable and arena. Following the September 30, 2010 closure of our arena segment, as discussed in note 5, we operate in the cable segment only. Our cable segment provides digital and analog video, broadband internet and telephony services to residential and business customers over an integrated broadband communications network.

We operate in one geographical area, the country of Germany.

Our revenue by major product category is as follows:

	Year ended December 31,	
	2011	2010
	in millions	
Subscription revenue[a]:		
Video	€ 625.3	€ 571.7
Broadband internet	126.5	83.0
Telephony	148.6	109.4
Total subscription revenue	900.4	764.1
Non-subscription revenue[b]	124.8	102.8
Total revenue	€ 1,025.2	€ 866.9

(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.

(b) Non-subscription revenue includes carriage fee, interconnect and installation revenue.

(4) Financial Risk Management

Overview

We have exposure to the following risks that arise from our financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

Our exposure to each of these risks, the policies and procedures that we use to manage these risks and our approach to capital management are discussed below in this note. As a subsidiary of Liberty Global, our approach to the management of these risks is integrated with Liberty Global's overall risk management policies and procedures.

Credit Risk

Credit risk is the risk that we would experience financial loss if our customers or the counterparties to our derivative and other financial instruments, undrawn debt facilities and cash investments were to default on their obligations to us.

We manage the credit risks associated with our trade receivables by performing credit verifications, following established dunning procedures and engaging collection agencies. We also manage this risk by disconnecting services to customers whose accounts are delinquent. Concentration of credit risk with respect to trade receivables is limited due to the large number of customers.

We manage the credit risks associated with our derivative and other financial instruments, cash investments and undrawn debt facilities primarily through the evaluation and monitoring of the creditworthiness of the respective counterparties. In addition, most of our cash is invested in overnight deposits with banks having a minimum credit rating of A. To date, neither the access to, nor the value of, our cash and cash equivalent balances have been adversely impacted by liquidity problems of financial institutions. We and the counterparties to our derivative instruments do not post collateral or other security, nor have we entered into master netting arrangements with any of our counterparties.

Under our derivative contracts, it is generally only the non-defaulting party that has a contractual option to exercise early termination rights upon the default of the other counterparty and to set off other liabilities against sums due upon such termination. However, in an insolvency of a derivative counterparty, under the laws of certain jurisdictions, the defaulting counterparty or its insolvency representatives may be able to compel the termination of one or more derivative contracts and trigger early termination payment liabilities payable by us, reflecting any mark-to-market value of the contracts for the counterparty. Alternatively, or in addition, the insolvency laws of certain jurisdictions may require the mandatory set-off of amounts due under such derivative contracts against present and future liabilities owed to us under other contracts between us and the relevant counterparty. Accordingly, it is possible that we may be subject to obligations to make payments, or may have present or future liabilities owed to us partially or fully discharged by set-off as a result of such obligations, in the event of the insolvency of a derivative counterparty, even though it is the counterparty that is in default and not us. To the extent that we are required to make such payments, our ability to do so will depend on our liquidity and capital resources at the time. In an insolvency of a defaulting counterparty, we will be an unsecured creditor in respect of any amount owed to us by the defaulting counterparty, except to the extent of the value of any collateral we have obtained from that counterparty.

The risks we would face in the event of a default by a counterparty to one of our derivative instruments might be eliminated or substantially mitigated if we were able to novate the relevant derivative contracts to a new counterparty following the default of our counterparty. While we anticipate that, in the event of the insolvency of one of our derivative counterparties, we would seek to effect such novations, no assurance can be given that we would obtain the necessary consents to do so or that we would be able to do so on terms or pricing that would be acceptable to us or that any such novation would not result in substantial costs to us. Furthermore, the underlying risks that are the subject of the relevant derivative contracts would no longer be effectively hedged due to the insolvency of our counterparty, unless and until we novate or replace the derivative contract.

While we currently have no specific concerns about the creditworthiness of any counterparty for which we have material credit risk exposures, we cannot rule out the possibility that one or more of our counterparties could fail or otherwise be unable to meet its obligations to us. Any such instance could have an adverse effect on our cash flows, results of operations, financial condition and/or liquidity.

Our maximum exposure to credit risk is represented by the carrying amounts of our financial assets, excluding our loan receivable — related party, as discussed above. For information concerning these carrying amounts, see note 6.

In light of the related-party nature of our current loan receivable with UPC Germany Holding (the UPC Germany Holding Loan Receivable), we have not considered this financial instrument in our credit risk assessment.

Liquidity Risk

Liquidity risk is the risk that we will encounter difficulty in meeting our financial obligations. We evaluate our liquidity risks at the parent (Unitymedia) and operating subsidiary levels. As a holding company, our primary assets other than cash and cash equivalents are our investments in consolidated subsidiaries. Our ability to access the financial assets of our operating subsidiaries is restricted by the terms of the indentures for the Unitymedia Notes, as defined and described in note 13. Tax considerations and other factors may also limit our ability to access the financial assets of our subsidiaries.

Our sources of liquidity at the parent level include (i) our cash and cash equivalents, (ii) our UPC Germany Holding Loan Receivable, (iii) funding from UPC Germany Holding (and ultimately from Liberty Global or other Liberty Global subsidiaries) in the form of loans or contributions, as applicable and (iv) subject to the certain restrictions, proceeds in the form of distributions or loans from Unitymedia Hessen, Unitymedia NRW or other subsidiaries. At December 31, 2011, substantially all of our consolidated cash and cash equivalents was held by our subsidiaries.

In addition to cash and cash equivalents, the primary sources of liquidity of Unitymedia Hessen, Unitymedia NRW and our other operating subsidiaries is cash provided by operations and, in the case of Unitymedia Hessen and Unitymedia NRW, any borrowing availability under the Unitymedia Revolving Credit Facility, as defined and described in note 13. At December 31, 2011, the Unitymedia Revolving Credit Facility was fully drawn.

The ongoing cash needs of Unitymedia include (i) corporate general and administrative expenses and (ii) interest payments on outstanding debt. From time to time, Unitymedia may also require cash in connection with (i) the repayment of outstanding debt, (ii) the satisfaction of contingent liabilities, (iii) acquisitions or (iv) other investment opportunities. No assurance can be given that funding from UPC Germany Holding (and ultimately from Liberty Global or other Liberty Global subsidiaries), our subsidiaries or external sources would be available on favorable terms, or at all.

The liquidity of Unitymedia Hessen, Unitymedia NRW and our other operating subsidiaries generally is used to fund capital expenditures, debt service requirements and other liquidity requirements that may arise from time to time. Our subsidiaries may also require funding in connection with (i) the repayment of outstanding debt, (ii) acquisitions and other investment opportunities or (iii) distributions or loans to Unitymedia. No assurance can be given that any external funding would be available to our subsidiaries on favorable terms, or at all.

Our most significant financial obligations are our debt obligations, as described in note 13. The terms of our debt instruments contain certain restrictions, including covenants that restrict our ability to incur additional debt. As a result, additional debt financing is only a potential source of liquidity if the incurrence of any new debt is permitted by the terms of our existing debt instruments.

Our ability to generate cash from our operations will depend on our future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control. We believe that our cash on hand, the cash provided from the operations of our subsidiaries, any available borrowings under the Unitymedia Revolving Credit Facility and a €75.0 million financing commitment from another Liberty Global subsidiary, of which €58.0 million was unused at December 31, 2011, will be sufficient to fund our currently anticipated working capital needs, capital expenditures and debt service requirements through December 31, 2012, although no assurance can be given that this will be the case. However, as our debt matures 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 refinancing transactions or otherwise extend our debt maturities. In this regard, it is not possible to predict how economic conditions, sovereign debt concerns and/or any adverse regulatory developments could impact the credit markets we access and, accordingly, our future liquidity and financial position. 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.

Our ability to service or refinance our debt and to maintain compliance with our leverage covenants is dependent primarily on our ability to maintain or increase the Adjusted EBITDA of our operating subsidiaries and to achieve adequate returns on our capital expenditures and acquisitions. In addition, our ability to obtain additional debt financing is limited by the leverage covenants contained in our and our subsidiaries' various debt instruments. In this regard, if our Adjusted EBITDA were to decline, we could be required to repay or limit our borrowings under the Unitymedia Revolving 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. As we use the term, Adjusted EBITDA is defined as EBITDA before stock-based compensation, impairment, restructuring and other operating charges or credits and related-party fees and allocations, net.

We and Liberty Global use budgeting and cash flow forecasting tools to ensure that we will have sufficient resources to timely meet our liquidity requirements. We and Liberty Global also maintain a liquidity reserve to provide for unanticipated cash outflows.

The following table shows the timing of expected payments based on the contractually agreed upon terms for our financial liabilities as of December 31, 2011.

	2012	2013	2014	2015	2016	Thereafter	Total
				in millions			
Debt principal:							
Third party	€ —	€ —	€ 80.0	€ —	€ —	€ 2,747.0	€ 2,827.0
Related party	—	—	—	—	—	179.2	179.2
Debt interest:							
Third party	231.5	231.5	231.5	227.5	227.5	355.5	1,505.0
Related party	15.4	15.4	15.4	15.4	15.4	199.9	276.9
Finance lease obligations-principal	2.0	0.1	0.1	0.1	0.1	2.7	5.1
Finance lease obligations-interest	0.3	0.3	0.3	0.3	0.3	2.4	3.9
Accrued liabilities (including related-party accrued liabilities)	119.2	—	—	—	—	—	119.2
Accounts payable (including related-party accounts payable)	39.0	—	—	—	—	—	39.0
Total	€ 407.4	€ 247.3	€ 327.3	€ 243.3	€ 243.3	€ 3,486.7	€ 4,955.3

Market Risk

Because we have certain debt that is denominated in United States (U.S.) dollars and other debt that has a floating interest rate, we are exposed to market risks relating to fluctuations in the foreign exchange rate between the U.S. dollar and the euro and changes in the EURIBOR. Each of these risks is discussed below.

Interest Rate Risk

Our exposure to market risk for changes in interest rates relates primarily to the Unitymedia Revolving Credit Facility.

With respect to our fixed rate debt, changes in interest rates will impact the fair value of the debt instrument but not our cash flows. If however, we were to refinance our fixed rate debt, we would be exposed to interest rate risk with respect to the debt we would incur with respect to any such refinancing. While we and Liberty Global typically strive to mitigate this risk by refinancing well before the debt matures, no assurance can be given that we would be able obtain new debt financing on terms that are as attractive as our existing debt. As we do not carry our debt at fair value, changes in the fair value of our debt typically would not impact our results of operations.

For purposes of demonstrating the sensitivity of the interest expense on the Unitymedia Revolving Credit Facility to changes in interest rates, we present the change that would result from a hypothetical instantaneous change in the 3-month EURIBOR of 50 basis points (0.50%) as of December 31, 2011, holding all other variables constant. This sensitivity analysis assumes that this hypothetical rate was in effect, and that the Unitymedia Revolving Credit Facility was outstanding, for the entire year. This analysis is presented for illustrative purposes only. In practice, market rates rarely change in isolation and are likely to be interdependent. The impacts of these hypothetical changes in interest rates for the year ended December 31, 2011 are as follows:

	Increase of 0.50%	Decrease of 0.50%
	in millions	
Increase (decrease) in interest expense	€ 0.4	€ (0.4)
Increase (decrease) in loss from continuing operations before income taxes	€ 0.4	€ (0.4)

Foreign Currency Risk

Our reporting currency is the euro. We historically have not had, and do not expect in the future to have, material amounts of cash inflows or outflows that are denominated in currencies other than the euro, with the exception of interest and principal payments on the UM Dollar Senior Secured Notes, as defined and described in note 13. Accordingly, these interest and principal payments represent our only material foreign currency risk. In accordance with our and Liberty Global's risk management policies, we have entered into a cross-currency swap to synthetically convert the interest and principal payments due under the UM Dollar Senior Secured Notes into euros throughout the term of such notes.

For purposes of demonstrating the sensitivity of (i) the outstanding principal and accrued interest associated with the UM Dollar Senior Secured Notes and (ii) the fair value of the related cross-currency swaps to changes in foreign currency exchange rates, we present the changes in these items that would result from a hypothetical instantaneous change in the euro to U.S. dollar foreign currency exchange rate of 10% as of December 31, 2011, holding all other variables constant. This sensitivity analysis assumes that the UM Dollar Senior Secured Notes and the related cross-currency swaps were outstanding for the entire year. This analysis is presented for illustrative purposes only. In practice, market rates rarely change in isolation and are likely to be interdependent. The impacts of these hypothetical changes in foreign exchange rates for the year ended December 31, 2011 are as follows:

	Value of euro relative to U.S dollar	
	10% increase	10% decrease
	in millions	
Decrease (increase) in foreign currency transaction losses	€ 65.2	€ (65.2)
Increase (decrease) in gain associated with change in fair value of cross currency swaps	(81.8)	81.8
Increase (decrease) in earnings before income taxes	€ (16.6)	€ 16.6

Capital Management

We manage our capital to ensure that we will be able to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, Liberty Global may determine to cause our company to return capital to our shareholder or make loans to our shareholder or other Liberty Global subsidiaries. In addition, Liberty Global may determine to cause one or more of its subsidiaries to provide funding to our company in the form of loans or capital contributions, as applicable.

We monitor our debt capital on the basis of our leverage covenants. As further discussed above, our ability to service or refinance our debt and to maintain compliance with our leverage covenants is dependent primarily on our ability to maintain or increase the Adjusted EBITDA of our operating subsidiaries and to achieve adequate returns on our capital expenditures and acquisitions. For additional information regarding our debt, see note 13.

(5) Acquisition and Discontinued Operation

Acquisition

On January 28, 2010, Unitymedia completed the LGI/Unitymedia Transaction, whereby Unitymedia paid cash of €2,006.0 million (the Old Unitymedia Purchase Price), to acquire from Unity Media S.C.A. all of the issued and outstanding capital stock of Old Unitymedia. In addition to the € 2,006.0 million Old Unitymedia Purchase Price, we acquired Old Unitymedia's net debt (aggregate principal amount of debt and capital lease obligations outstanding less cash and cash equivalents) of €1,586.3 million at January 28, 2010 and incurred direct acquisition costs of €23.3 million, which were recorded during the first quarter of 2010 and which are included in restructuring and other operating charges in our consolidated statements of operations. The LGI/Unitymedia Transaction was completed in order to achieve certain financial, operational and strategic benefits through the integration of Old Unitymedia with Liberty Global's existing European operations.

The Old Unitymedia Purchase Price was funded with (i) €849.2 million of cash from certain escrow accounts associated with the Unitymedia Notes, as defined and described in note 13, and (ii) loans payable to UPC Germany Holding, as further described in note 13.

We have accounted for the LGI/Unitymedia Transaction using the acquisition method of accounting, whereby the total purchase price was allocated to the acquired identifiable net assets 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 summarized financial position of Unitymedia (after giving retrospective effect to the Unitymedia Merger) as of January 28, 2010 is presented in the following table. The opening balance sheet presented below reflects our final purchase price allocation, including certain purchase accounting adjustments that were recorded prior to the finalization of the purchase price allocation (in millions):

Cash	€ 125.9
Accounts receivable	197.0
Other current assets	20.3
Property and equipment, net	2,028.4
Goodwill[(a)]	1,436.1
Intangible assets subject to amortization[(b)]	732.2
Other assets, net	23.4
Current portion of noncurrent debt and capital lease obligations	(0.7)
Other current liabilities	(437.6)
Noncurrent debt and capital lease obligations	(1,711.5)
Other noncurrent liabilities	(407.5)
Total purchase price	€ 2,006.0

(a) The goodwill recognized in connection with the LGI/Unitymedia Transaction is primarily attributable to (i) the ability to exploit Old Unitymedia'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 Old Unitymedia with Liberty Global's other operations in Europe.

(b) Amount primarily includes intangible assets related to customer relationships, which had a useful life of approximately 7 years at the acquisition date.

The following pro forma statement of operations data of Unitymedia for the year ended December 31, 2010 gives effect to (i) the Unitymedia Merger, (ii) the LGI/Unitymedia Transaction and (iii) the refinancing of Old Unitymedia's debt as if such transactions had been completed as of January 1, 2010. These pro forma amounts are not necessarily indicative of the operating results that would have occurred if these transactions had occurred on such dates. The pro forma adjustments are based on currently available information and certain assumptions that we believe are reasonable (in millions).

Revenue:	
Subscription revenue:	
Video	€ 618.0
Broadband internet	88.8
Telephony	117.5
Total subscription revenue	824.3
Non-subscription revenue	110.9
	935.2
Operating costs and expenses:	
OpEx	273.6
SG&A	140.7
Restructuring and other operating charges	26.7
Related-party fees and allocations, net	23.8
	464.8
EBITDA	470.4
Depreciation and amortization	351.8
EBIT	118.6
Financial and other expense:	
Interest expense:	
Third party	(247.7)
Related party	(93.5)
Foreign currency transaction losses, net	(13.1)
Realized and unrealized gains on derivative instruments, net	33.2
Other income	1.5
Net financial and other expense	(319.6)
Loss before income taxes	(201.0)
Income tax benefit	33.1
Loss from continuing operations	€ (167.9)
Further details of OpEx and SG&A:	
Direct costs (interconnect, programming, copyright and other)	€ 86.5
Staff-related costs	92.2
Network operating costs	90.5
Sales and marketing costs	73.0
Other indirect costs	72.1
	€ 414.3
Further details of Restructuring and other operating charges:	
Staff-related costs	€ 3.4
Direct acquisition costs	23.3
	€ 26.7

Discontinued Operations

Effective September 30, 2010, we closed down the DTH operations of our arena segment. The operating results of our arena segment from January 28, 2010 to December 31, 2010 are classified as discontinued operations in our consolidated statement of operations and are summarized in the following table (in millions):

Revenue	€ 7.8
Operating costs and expenses	€ 7.1
EBITDA	€ 0.7
Loss before income taxes	€ (0.8)
Income tax benefit	€ 2.0
Earnings from discontinued operations	€ 1.2

(6) Derivative Instruments

We have entered into certain derivative instruments to manage foreign currency exposure with respect to the U.S. dollar. We were also party to an interest rate swap contract that was originally entered into to manage interest rate risk with respect to the Old Floating Rates Notes, as defined and described in note 13, which were repaid on March 2, 2010. This interest rate swap contract matured on April 30, 2011.

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

	December 31, 2011			December 31, 2010		
	Current[a]	Noncurrent[a]	Total	Current[a]	Noncurrent[a]	Total
	in millions					
Assets:						
Cross-currency derivative contracts[b]	€ 4.4	€ 75.6	€ 80.0	€ 3.0	€ 50.3	€ 53.3
Liabilities:						
Interest rate derivative contract[b]	€ —	€ —	€ —	€ 9.2	€ —	€ 9.2

(a) Our current derivative assets and liabilities are included in other current assets and other current liabilities, respectively, and our noncurrent derivative assets are included in other noncurrent assets, in our consolidated balance sheets.

(b) We consider credit risk in our fair value assessments. As of December 31, 2011 and 2010, (i) the fair values of our cross-currency derivative contracts that represented assets have been reduced by credit risk valuation adjustments aggregating €7.8 million and €3.2 million, respectively. In addition, the fair value of our interest rate derivative contract at December 31, 2010 that represented a liability has been reduced by credit risk valuation adjustments that were not significant. Generally, adjustments to our derivative assets relate to the credit risk associated with counterparty nonperformance and 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. The changes in the credit risk valuation adjustments associated with our derivative instruments resulted in gains (losses) of (€4.7 million), (€7.4 million) and €3.9 million during 2011, 2010 and 2009, respectively. These amounts are included in realized and unrealized gains (losses) on derivative instruments, net, in our consolidated statements of operations. For further information concerning our fair value measurements, see note 7.

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

	Year ended December 31,		Period from October 23, 2009 to December 31, 2009
	2011	2010	
	in millions		
Cross-currency derivative contracts	€ 27.8	€ 41.4	€ (35.7)
Interest rate derivative contract	(0.1)	(2.6)	—
Total	€ 27.7	€ 38.8	€ (35.7)

The net cash paid or received related to our derivative instruments is classified as an operating, investing or financing activity in our 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 classifications of our derivative cash outflows are as follows:

	Year ended December 31,	
	2011	2010
	in millions	
Operating activities	€ (8.1)	€ (19.6)
Financing activities	—	(66.6)
Total	€ (8.1)	€ (86.2)

Cross-currency Derivative Contracts

Cross-currency Swaps:

The terms of our outstanding cross-currency swap contracts at December 31, 2011 are as follows:

	Notional amount due from counterparty	Notional amount due to counterparty	Interest rate due from counterparty	Interest rate due to counterparty
	in millions			
December 2017[(a)]	$ 845.0	€ 569.4	8.13%	8.49%

(a) The notional amount represents the aggregate of multiple derivative instruments that mature within the same calendar month. The interest rates are presented on a weighted average basis.

(7) Fair Value Measurements

Our derivative instruments are the only financial instruments that were accounted for at fair value as of December 31, 2011. The reported fair values of our derivative assets as of December 31, 2011 likely will not represent the value that will be realized upon their ultimate settlement or disposition. In this regard, we expect that the values realized 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.

We disclose fair value measurements according to 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.

All of our Level 2 inputs (interest rate futures, swap rates, and certain of the inputs for our weighted average cost of capital calculations) and certain of our Level 3 inputs (credit spreads) are obtained from pricing services. These inputs, or interpolations or extrapolations thereof, are used in our internal models to calculate, among other items, yield curves, forward interest and currency rates, and weighted average cost of capital 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.

As further described in note 6, we have entered into derivative instruments to manage our foreign currency exchange risk. The fair value measurements of these derivative instruments are determined using discounted cash flow models. All but one 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 applicable 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 are Level 3 inputs that 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 believe 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 6.

We do not have any financial instruments that fall under Level 1 or Level 3 of the fair value hierarchy.

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 cash-generating unit) is based at least in part on discounted cash flow analyses. With the exception of certain inputs in our weighted average cost of capital 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 our company 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. We perform nonrecurring fair value measurements in connection with our goodwill impairment assessments. As further described in note 5, we also performed nonrecurring fair value measurements in connection with the LGI/Unitymedia Transaction during 2010.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated balance sheets, are as follows:

	Category[a]	December 31, 2011		December 31, 2010	
		Carrying amount	Fair value	Carrying amount	Fair value
		in millions			
Assets carried at fair value:					
Derivative financial instruments	I	€ 80.0	€ 80.0	€ 53.3	€ 53.3
Assets carried at cost or amortized cost:					
Trade receivables and unbilled revenue	II	€ 45.6	€ 45.6	€ 35.4	€ 35.4
Restricted cash	II	1.9	1.9	1.6	1.6
Loan receivable — related party	II	54.0	54.0	—	—
Other current and noncurrent financial assets	II	13.7	13.7	9.1	9.1
Cash and cash equivalents	II	20.1	20.1	58.7	58.7
Total assets carried at cost or amortized cost		€ 135.3	€ 135.3	€ 104.8	€ 104.8
Liabilities carried at fair value:					
Derivative financial instruments	I	€ —	€ —	€ 9.2	€ 9.2
Liabilities carried at cost or amortized cost:					
Debt obligation	III	€ 2,740.0	€ 2,955.9	€ 2,707.0	€ 3,012.0
Loans payable — related party	III	193.1	193.1	1,167.0	1,167.0
Accrued liabilities (including related-party accrued liabilities)III		119.2	119.2	137.3	137.3
Accounts payable and other (including related-party accounts payable)III		40.2	40.2	35.0	35.0
Finance lease obligations	V	5.1	5.1	4.6	4.6
Total liabilities carried at cost or amortized cost		€ 3,097.6	€ 3,313.5	€ 4,050.9	€ 4,355.9

(a) Pursuant to IAS 39, category I refers to financial assets and liabilities held for trading, category II refers to loans and receivables, category III refers to financial liabilities measured at amortized cost, and category IV refers to derivatives designated as hedging instruments. Category V refers to finance leases outside the scope of IAS 39.

Pre-tax amounts recognized in our consolidated statements of operations during 2011, 2010 and 2009 related to our financial instruments are as follows:

	Interest income	Interest expense	Other statement of operations effects[a]	Impact on earnings before income taxes
	in millions			
Year ended December 31, 2011:				
Derivative assets carried at fair value through our consolidated statement of operations	€ —	€ —	€ 27.9	€ 27.9
Assets carried at cost or amortized cost:				
Trade receivables[b]	0.3	—	(4.9)	(4.6)
Derivative liabilities carried at fair value through our consolidated statement of operations	—	—	(0.2)	(0.2)
Liabilities carried at cost or amortized cost	—	(344.6)	(20.2)	(364.8)
	€ 0.3	€ (344.6)	€ 2.6	€ (341.7)
Year ended December 31, 2010:				
Derivative assets carried at fair value through our consolidated statement of operations	€ —	€ —	€ 59.6	€ 59.6
Assets carried at cost or amortized cost:				
Trade receivables[b]	0.3	—	(8.4)	(8.1)
Restricted cash	—	—	31.7	31.7
Derivative liabilities carried at fair value through our consolidated statement of operations	—	—	(20.8)	(20.8)
Liabilities carried at cost or amortized cost	—	(342.8)	(47.8)	(390.6)
	€ 0.3	€ (342.8)	€ 14.3	€ (328.2)
Year ended December 31, 2009:				
Assets carried at cost or amortized cost:				
Restricted cash	€ —	€ —	€ 19.7	€ 19.7
Derivative liabilities carried at fair value through our consolidated statement of operations	—	—	(35.7)	(35.7)
Liabilities carried at cost or amortized cost	—	(27.1)	(20.3)	(47.4)
	€ —	€ (27.1)	€ (36.3)	€ (63.4)

(a) Except as noted in (b) below, amounts are included in net financial expense in our consolidated statements of operations.

(b) The "Other statement of operations effects" amounts represent provisions for impairment of trade receivables and are included in OpEx in our consolidated statements of operations.

(8) Long-lived Assets

Property and Equipment, Net

Changes during 2011 and 2010 in the carrying amounts of our property and equipment, net, are set forth below:

	Cable distribution systems	Support equipment, buildings and land	Total
		in millions	
Cost:			
January 1, 2011	€ 2,129.3	€ 106.3	€ 2,235.6
Additions	231.7	26.0	257.7
Retirements and disposals	(18.4)	(0.1)	(18.5)
December 31, 2011	€ 2,342.6	€ 132.2	€ 2,474.8
Accumulated depreciation:			
January 1, 2011	€ 193.1	€ 13.3	€ 206.4
Depreciation	230.1	14.6	244.7
Retirements and disposals	(17.4)	(0.1)	(17.5)
December 31, 2011	€ 405.8	€ 27.8	€ 433.6
Property and equipment, net:			
December 31, 2011	€ 1,936.8	€ 104.4	€ 2,041.2

	Cable distribution systems	Support equipment, buildings and land	Total
		in millions	
Cost:			
January 1, 2010	€ —	€ —	€ —
LGI/Unitymedia Transaction	1,930.2	98.2	2,028.4
Additions	203.3	8.1	211.4
Retirements and disposals	(4.2)	—	(4.2)
December 31, 2010	€ 2,129.3	€ 106.3	€ 2,235.6
Accumulated depreciation:			
January 1, 2010	€ —	€ —	€ —
Depreciation[(a)]	197.3	13.3	210.6
Retirements and disposals	(4.2)	—	(4.2)
December 31, 2010	€ 193.1	€ 13.3	€ 206.4
Property and equipment, net:			
December 31, 2010	€ 1,936.2	€ 93.0	€ 2,029.2

(a) Includes depreciation in the amount of €0.6 million for discontinued operations.

Goodwill

We performed our annual review for impairment as of October 1, 2011 and we concluded that the full amount of our goodwill was recoverable. Goodwill acquired in connection with the LGI/Unitymedia Transaction during 2010 has been assigned to one cash-generating unit. The change in the carrying amount of goodwill during 2010 is entirely the result of the LGI/Unitymedia Transaction. For detailed information regarding the LGI/Unitymedia Transaction, see note 5.

With respect to our October 1, 2011 impairment assessment, we have not updated our determination of the recoverable amount of our cash-generating unit from the prior year test, because (i) the carrying amount of the unit, excluding related-party debt, has not changed significantly from the prior year, (ii) the recoverable amount exceeded the carrying amount of the unit by a substantial margin in the prior year test and (iii) the strong growth in our business during 2011 implies a remote likelihood that the current recoverable amount would be less than the current carrying amount.

Intangible Assets Subject to Amortization, net

Changes during 2011 and 2010 in the carrying amounts of our finite-lived intangible assets, net, are set forth below:

	Customer relationships	Subscriber acquisition costs	Trade name	Other[a]	Total
			in millions		
Cost:					
January 1, 2011	€ 700.0	€ 31.6	€ 9.0	€ 30.7	€ 771.3
Additions	—	46.5	—	2.6	49.1
Retirements and disposals	—	(25.0)	—	—	(25.0)
December 31, 2011	€ 700.0	€ 53.1	€ 9.0	€ 33.3	€ 795.4
Accumulated amortization:					
January 1, 2011	€ 88.6	€ 13.1	€ 1.7	€ 11.1	€ 114.5
Amortization	95.9	38.3	1.8	7.6	143.6
Retirements and disposals	—	(25.0)	—	—	(25.0)
December 31, 2011	€ 184.5	€ 26.4	€ 3.5	€ 18.7	€ 233.1
Intangible assets subject to amortization, net:					
December 31, 2011	€ 515.5	€ 26.7	€ 5.5	€ 14.6	€ 562.3

(a) Primarily includes computer software costs.

	Customer relationships	Subscriber acquisition costs	Trade name	Other[a]	Total
			in millions		
Cost:					
January 1, 2010	€ —	€ —	€ —	€ —	€ —
LGI/Unitymedia Transaction	700.0	—	9.0	23.2	732.2
Additions	—	32.0	—	7.5	39.5
Retirements and disposals	—	(0.4)	—	—	(0.4)
December 31, 2010	€ 700.0	€ 31.6	€ 9.0	€ 30.7	€ 771.3
Accumulated amortization:					
January 1, 2010	€ —	€ —	€ —	€ —	€ —
Amortization[b]	88.6	13.5	1.7	11.1	114.9
Retirements and disposals	—	(0.4)	—	—	(0.4)
December 31, 2010	€ 88.6	€ 13.1	€ 1.7	€ 11.1	€ 114.5
Intangible assets subject to amortization, net:					
December 31, 2010	€ 611.4	€ 18.5	€ 7.3	€ 19.6	€ 656.8

(a) Primarily includes computer software costs.

(b) Includes amortization in the amount of €0.4 million for discontinued operations.

For information concerning pledged assets, see note 13. For information concerning purchase obligations for property and equipment, see note 14.

(9) Trade receivables and unbilled revenue, net

The details of our trade receivables and unbilled revenue are set forth below:

	December 31, 2011	December 31, 2010
	in millions	
Trade receivables, gross	€ 30.7	€ 34.7
Allowance for impairment of trade receivables	(11.7)	(15.7)
Trade receivables, net	19.0	19.0
Unbilled revenue	26.6	16.4
Trade receivables and unbilled revenue, net	€ 45.6	€ 35.4
Noncurrent unbilled revenue[a]	€ 0.9	€ 0.2
Current trade receivables and unbilled revenue, net	€ 44.7	€ 35.2

(a) Our noncurrent unbilled revenue primarily results from revenue accrued for free and discounted services and other customer incentives during promotional periods and are included in other noncurrent assets in our consolidated balance sheets.

The detailed aging of current trade receivables and related impairment amounts as of December 31, 2011 and 2010 is set forth below:

	December 31, 2011		December 31, 2010	
	Gross trade receivables	Allowance for impairment	Gross trade receivables	Allowance for impairment
	in millions			
Days Past Due				
Current	€ 8.8	€ —	€ 9.7	€ —
1 - 30	7.4	0.5	7.6	1.7
31 - 60	3.1	1.9	3.0	2.1
61 - 90	1.7	1.1	1.8	1.3
Over 90	9.7	8.2	12.6	10.6
Total	€ 30.7	€ 11.7	€ 34.7	€ 15.7

At December 31, 2011 and 2010, a total of €10.2 million and €9.3 million, respectively, was past due but not impaired. With respect to these trade receivables, there are no indications that the subscribers will not meet their payment obligations.

A provision for impairment of trade receivables is established based upon objective evidence that we will not be able to collect the amounts. Historical payment experience, as well as all known collection issues, is considered when evaluating receivables for impairment.

The following table shows the development of the allowance for impairment of trade receivables:

	December 31, 2011	December 31, 2010
	in millions	
Allowance at January 1	€ 15.7	€ —
LGI/Unitymedia Transaction	—	18.1
Provisions for impairment of receivables	4.9	8.4
Write-offs of receivables	(8.9)	(10.8)
Allowance at December 31	€ 11.7	€ 15.7

When a trade receivable is uncollectible, it is written off against the allowance account. The provision for impairment of trade receivables is included in operating expenses in our consolidated statement of operations. We do not hold any trade receivables in a foreign currency.

(10) Other noncurrent assets

The details of our other noncurrent assets are set forth as follows:

	December 31, 2011	December 31, 2010
	in millions	
Derivative instruments	€ 75.6	€ 50.3
Prepaid fiber leases	13.5	15.0
Restricted cash	1.9	1.6
Unbilled revenue	0.9	0.2
Other	4.4	5.6
Total other noncurrent assets	€ 96.3	€ 72.7

(11) Accrued liabilities, third party

The details of our accrued liabilities, third party are set forth as follows:

	December 31, 2011	December 31, 2010
	in millions	
Accrued expenses (other than payroll related accruals)	€ 65.7	€ 80.4
Accrued capital expenditures	26.4	28.1
Accrued payroll related compensation and benefits	17.1	15.3
Other liabilities	2.9	9.4
Total accrued liabilities	€ 112.1	€ 133.2

(12) Provisions

The details of our provisions are set forth as follows:

	December 31, 2011	December 31, 2010
	in millions	
Net pension liability	€ 9.1	€ 8.4
Other	18.4	24.3
Total provisions	€ 27.5	€ 32.7
Current portion	€ 18.4	€ 24.3
Noncurrent portion	€ 9.1	€ 8.4

The following table shows the development of provisions:

	Net pension liability	Other	Total
		in millions	
January 1, 2011	€ 8.4	€ 24.3	€ 32.7
Additions	0.7	5.9	6.6
Releases	—	(6.2)	(6.2)
Cash payments	—	(5.6)	(5.6)
December 31, 2011	€ 9.1	€ 18.4	€ 27.5
January 1, 2010	€ —	€ —	€ —
LGI/Unitymedia Transaction	8.4	21.1	29.5
Additions	—	3.5	3.5
Cash payments	—	(0.3)	(0.3)
December 31, 2010	€ 8.4	€ 24.3	€ 32.7

Our expenses related to (i) our contributions to the German statutory pension system, (ii) our defined contribution plan and (iii) our defined benefit pension plan aggregated €9.9 million and €8.9 million during 2011 and 2010, respectively.

(13) Debt and Finance Lease Obligations

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

	December 31, 2011			Estimated fair value[b]		Carrying value[c]	
				December 31,		December 31,	
	Interest rate[a]	Borrowing currency	Euro equivalent	2011	2010	2011	2010
				in millions			
Parent:							
Shareholder loans payable[d]	8.580%	€ 179.2	€ 179.2	(d)	(d)	€ 179.2	€ 1,081.2
UM Senior Notes due 2019	9.625%	€ 665.0	665.0	€ 686.6	€ 729.8	651.5	650.5
Subsidiaries:							
UM Euro Senior Secured Notes due 2017	8.125%	€ 1,430.0	1,430.0	€ 1,485.2	€ 1,516.3	1,405.4	1,402.3
UM Dollar Senior Secured Notes due 2017	8.125%	$ 845.0	652.0	€ 686.2	€ 670.4	641.3	620.2
Unitymedia Revolving Credit Facility due 2014[e]	4.927%	€ 80.0	80.0	€ 77.2	€ 76.0	80.0	80.0
Total debt before transaction costs and accrued interest[f]	8.399%		€ 3,006.2			2,957.4	3,834.2
Transaction costs						(58.9)	(65.5)
Accrued interest:							
Related party[g]						13.9	85.8
Third party						20.7	19.5
Finance lease obligations						5.1	4.6
Total debt and finance lease obligations						2,938.2	3,878.6
Current maturities						(22.7)	(21.8)
Noncurrent debt and finance lease obligations						€ 2,915.5	€ 3,856.8

(a) Represents the stated interest rate of the debt instrument as of December 31, 2011 and does not include the impact of our interest rate derivative agreements, deferred financing costs, discounts or commitment fees, all of which affect our overall cost of borrowing. Including the effects of derivative instruments, discounts and commitment fees, but excluding the impact of financing costs, our estimated weighted average interest rate on our aggregate indebtedness was approximately 8.8% at December 31, 2011. Interest payments for the Unitymedia Notes (as defined below) commenced on June 1, 2010 and are made semi-annually on June 1 and December 1. For information concerning our derivative instruments, see note 6.

(b) The estimated fair values of our debt instruments were determined using the average of the applicable bid and ask prices or, when quoted market prices are unavailable or not considered indicative of fair value, discounted cash flow models. The discount rates used in the cash flow models are based on the market interest rates, estimated credit spreads and other relevant factors.

(c) Amounts include the impact of discounts, where applicable.

(d) Represents loans payable to our shareholder, UPC Germany Holding, resulting primarily from (i) transactions that were completed in connection with the LGI/Unitymedia Transaction and (ii) fees and allocations charged from UPC Holding, a Liberty Global subsidiary, and other Liberty Global subsidiaries. All principal (€179.2 million at December 31, 2011) and accrued interest (€13.9 million at December 31, 2011) outstanding under these loans is due and payable on January 1, 2030. The amounts outstanding under these loans bear interest at 8.58% per annum. Accrued interest is transferred to the loan balance annually on January 1. The net decrease in the principal of the loans payable — related party during 2011 includes (i) the conversion of €1,014.0 million to equity, (ii) the transfer of €85.8 million in non-cash accrued interest to the loan balance, (iii) cash borrowings of €82.0 million, (iv) cash payments of €82.0 million and (v) a €26.2 million non-cash increase related to the settlement of intercompany charges and allocations. The net increase in the principal of the loans payable — related party during 2010 includes (i) cash borrowings of €1,856.0 million, (ii) cash payments of €805.1 million and (iii) a €30.3 million non-cash increase related to the settlement of intercompany charges and allocations. The fair value of these loans is not subject to reasonable estimation due to the related-party nature of the loans.

(e) The interest rate shown for the Unitymedia Revolving Credit Facility (as defined below) is based on the stated rate of EURIBOR plus a margin of 3.75% per annum. At December 31, 2011, the Unitymedia Revolving Credit Facility was fully drawn. A commitment fee of 1.25% per annum is payable on available but undrawn amounts under the Unitymedia Revolving Credit Facility.

(f) The interest rate shown in this line item represents the weighted average stated interest rate of all of our outstanding debt instruments as of December 31, 2011.

(g) During 2011, €86.0 million of accrued interest was converted to equity. For additional information, see note 16.

2010 Refinancing

On November 20, 2009, we issued (i) €1,430.0 million principal amount of 8.125% senior secured notes (the UM Euro Senior Secured Notes) at an issue price of 97.844%, resulting in cash proceeds of €1,399.2 million, (ii) $845.0 million (€652.0 million) principal amount of 8.125% senior secured notes (the UM Dollar Senior Secured Notes and together with the UM Euro Senior Secured Notes, the UM Senior Secured Notes) at an issue price of 97.844%, resulting in cash proceeds of $826.8 million (€556.8 million at the transaction date) before transaction costs and (iii) €665.0 million principal amount of 9.625% senior notes (the UM Senior Notes and together with the UM Senior Secured Notes, the Unitymedia Notes) at an issue price of 97.652%, resulting in cash proceeds of € 649.4 million, before transaction costs. The UM Senior Secured Notes mature on December 1, 2017 and the UM Senior Notes mature on December 1, 2019. The net proceeds from the sale of the Unitymedia Notes (€ 2,541.0 million at the transaction date), were placed into two escrow accounts. On January 28, 2010, we used €849.2 million of cash from the escrow accounts to fund a portion of the Old Unitymedia Purchase Price (see note 5).

On March 2, 2010, the remaining balances in the escrow accounts were released in connection with the repayment of our then-existing indebtedness, which consisted of the following:

- €1,350.0 million senior secured floating rate notes due 2013 (the Old Floating Rate Notes), of which €1,024.0 million was outstanding;
- €235.0 million 10.125% senior notes due 2015 (the Old € 235m Senior Notes) and payment of applicable call premium of €11.9 million;
- €215.0 million 8.75% senior notes due 2015 (the Old € 215m Senior Notes, and together with the Old €235m Senior Notes, the Old Euro Senior Notes) and payment of applicable call premium of €9.4 million;
- $151.0 million (€116.5 million) 10.375% senior notes due 2015 (the Old Dollar Senior Notes, and together with the Old Euro Senior Notes, the Old Senior Notes) and payment of applicable call premium of $7.8 million (€6.0 million); and
- €100.0 million term loan facility (the Old Term Loan and together with the Old Senior Notes and the Old Floating Rate Notes, the Old Indebtedness).

Also on March 2, 2010, (i) the obligations under the UM Senior Secured Notes were assumed by Old Unitymedia's indirect subsidiaries Unitymedia Hessen and Unitymedia NRW (the UM Senior Secured Notes Co-Issuers), (ii) the obligations under the UM Senior Notes were assumed by Old Unitymedia and (iii) the obligations under the Unitymedia Revolving Credit Facility, as defined and described below, were assumed by Unitymedia Hessen and Unitymedia NRW. Additionally, Old Unitymedia's existing undrawn €130.0 million revolving credit facility was cancelled. Accrued interest on the Old Indebtedness of €12.8 million in the aggregate was also paid. Old Unitymedia used approximately €198.0 million of its existing cash to repay a portion of the Old Indebtedness. The remainder was paid by utilizing the escrow cash from the November 20, 2009 Unitymedia Notes offering. These debt assumption transactions and the above-described repayments of the Old Indebtedness are collectively referred to as the "Unitymedia Debt Pushdown".

Unitymedia Notes

The UM Senior Secured Notes and the UM Senior Notes are senior obligations of the UM Senior Secured Notes Co-Issuers and Unitymedia (each a Unitymedia Issuer), respectively, that rank equally with all of the existing and future senior debt and are senior to all existing and future subordinated debt of the UM Senior Secured Notes Co-Issuers. The UM Senior Secured Notes are secured by a first-ranking pledge over the shares of the UM Senior Secured Notes Co-Issuers and certain other asset security of certain subsidiaries of Unitymedia. The UM Senior Notes are secured by a first-ranking pledge over the shares of Unitymedia and junior-priority share pledges and other asset security of certain subsidiaries of Unitymedia.

The Unitymedia Notes provide that any failure to pay principal prior to expiration of any applicable grace period, or any acceleration with respect to other indebtedness of €25.0 million or more in the aggregate of a Unitymedia Issuer or any of the Restricted Subsidiaries (as defined in the applicable indenture) is an event of default under the Unitymedia Notes.

The Unitymedia Notes contain an incurrence-based Consolidated Leverage Ratio test, as defined in the applicable indenture.

At any time prior to December 1, 2012 in the case of the UM Senior Secured Notes and December 1, 2014 in the case of the UM Senior Notes, the applicable Unitymedia Issuer may redeem some or all of the Unitymedia Notes at a redemption price equal to the sum of (i) 100% of the principal amount thereof, (ii) the excess of (a) the present value at such redemption date of (1) the redemption price on December 1, 2012 and December 1, 2014, respectively, as set forth in the table below, plus (2) all required remaining scheduled interest payments due through December 1, 2012 and December 1, 2014, respectively, computed using the discount rate specified in the applicable indenture, over (b) the principal amount of the applicable Unitymedia Notes on the redemption date and (iii) accrued but unpaid interest and Additional Amounts (as defined in the applicable indenture), if any, to the applicable redemption date.

The applicable Unitymedia Issuer may redeem some or all of the Unitymedia Notes at the following redemption prices (expressed as a percentage of the principal amount) plus accrued and unpaid interest and Additional Amounts, if any, to the applicable redemption date, if redeemed during the twelve-month period commencing on December 1 of the years set out below:

	Redemption Price	
Year	UM Senior Secured Notes	UM Senior Notes
2012	108.125%	N.A.
2013	104.063%	N.A.
2014	102.031%	104.813%
2015	100.000%	103.208%
2016	100.000%	101.604%
2017 and thereafter	100.000%	100.000%

In addition, at any time prior to December 1, 2012, the applicable Unitymedia Issuer may redeem up to 35% of the Unitymedia Notes (at a redemption price of 108.125% of the principal amount in the case of the UM Senior Secured Notes and 109.625% of the principal amount in the case of the UM Senior Notes) with the net proceeds from one or more specified equity offerings.

At any time prior to November 20, 2012, the applicable Unitymedia Issuer has the option, following completion of a UPC Exchange Transaction (as defined below), to redeem all, but not less than all, of the Unitymedia Notes. The redemption price in such case (expressed as a percentage of the principal amount thereof) would be 102%. A UPC Exchange Transaction means an exchange offer by UPC Broadband Holding B.V. (UPC Broadband Holding), a Liberty Global subsidiary, or UPC Holding, as applicable, pursuant to which one or more series of senior notes issued by UPC Broadband Holding or UPC Holding, as applicable, are, subject to certain terms and conditions (including consent by holders of a majority in aggregate principal amount of Unitymedia Notes to participate in the exchange offer), offered in exchange for Unitymedia Notes.

The applicable Unitymedia Issuer may redeem all of the Unitymedia Notes at prices equal to their respective principal amounts, plus accrued and unpaid interest, upon the occurrence of certain changes in tax law. If the applicable Unitymedia Issuer or certain of its subsidiaries sell certain assets or experience specific changes in control, the applicable Unitymedia Issuer must offer to repurchase the Unitymedia Notes at a redemption price of 101%.

Unitymedia Revolving Credit Facility

On December 21, 2009, Unitymedia entered into an €80.0 million secured revolving credit facility agreement with certain lenders (the Unitymedia Revolving Credit Facility). The interest rate for the Unitymedia Revolving Credit Facility is EURIBOR plus a margin of 3.75%. Borrowings under the Unitymedia Revolving Credit Facility, which mature on December 31, 2014, may be used for general corporate and working capital purposes. Upon completion of the Unitymedia Debt Pushdown, the obligations of Unitymedia under the Unitymedia Revolving Credit Facility were assumed by Unitymedia Hessen and Unitymedia NRW. In addition to customary restrictive covenants and events of default, the

Unitymedia Revolving Credit Facility requires compliance with a Consolidated Leverage Ratio, as defined in the Unitymedia Revolving Credit Facility. The Unitymedia Revolving Credit Facility is secured by a pledge over the shares of the borrowers and certain other asset security of certain subsidiaries of Unitymedia.

Maturities of Debt and Finance Lease Obligations

For information concerning the maturities of our debt as of December 31, 2011, see note 4.

(14) Commitments and Contingencies

Commitments

In the ordinary course of business, we have entered into agreements that commit our company to make cash payments in future periods with respect to non-cancellable operating leases, programming contracts, purchases of customer premises equipment and other items. These include several long-term term agreements with Deutsche Telekom and its affiliates with respect to usage and access for underground cable duct space, the use of fiber optic transmission systems, tower and facility space. In general, these agreements primarily impose fixed prices for a limited period of time, which may then be raised to reflect services requested additionally and increased costs, subject to index-linked limitations. Some agreements impose prices based on the cost to Deutsche Telekom of services that are passed through to us. In accordance with EU-IFRS, we treat these agreements as operating rather than finance leases or as other commitments, as applicable. We expect that in the ordinary course of business, operating leases that expire generally will be renewed or replaced by similar leases.

Expenses for operating leases included in our statement of operations were €71.8 million and €64.4 million during 2011 and 2010, respectively. Details of our operating lease contracts and the respective significant leasing arrangements are as follows:

Lease	Terms	Terms of renewal	Purchase options	Contingent rent
Building	1 - 20 years	No	No	No
Dark fiber	1 - 18 years	3 months - 1 year	No	No
Colocation area	1 - 14 years	1 month - 1 year	No	No
Cable ducts	2 - 30 years	1 - 5 years	No	No

	Payments due during:						
	2012	2013	2014	2015	2016	Thereafter	Total
	in millions						
Operating leases	€ 70.9	€ 69.2	€ 66.6	€ 65.8	€ 65.0	€ 757.9	€ 1,095.4
Programming obligations	4.2	0.3	—	—	—	—	4.5
Other commitments	32.0	3.3	—	—	—	—	35.3
	€ 107.1	€ 72.8	€ 66.6	€ 65.8	€ 65.0	€ 757.9	€ 1,135.2

Operating leases include indefinite-lived lease agreements with Deutsche Telekom for cable ducts. The lease payments for these leases are € 51.2 million annually. We have the legal right to cancel these agreements with a notice period of 24 months, however the technological requirements to replace leased capacity represent economic penalties that would result in the reasonably assured continuance of the leases for a longer period of time. Due to German law governing the statute of limitations, the agreements in effect represent a maximum lease term of 30 years, after which time Deutsche Telekom has certain additional rights under the lease. Accordingly, the operating lease amounts included in the above table reflect payments under the Deutsche Telekom lease agreements through the applicable statutory termination dates.

Programming commitments consist of obligations associated with certain of our programming contracts, that are enforceable and legally binding on us in that we have agreed to pay minimum fees without regard to (i) the actual number of subscribers to the programming services, (ii) whether we terminate cable service to a portion of our subscribers or dispose of a portion of our cable systems, or (iii) whether we discontinue our premium movie and sports services. The amounts reflected in the table

with respect to these contracts are significantly less than the amounts we expect to pay in these periods under these contracts. Payments to programming vendors have in the past represented, and are expected to continue to represent in the future, a significant portion of our operating costs.

Other commitments include (i) certain service commitments with Deutsche Telekom, (ii) certain fiber capacity commitments and (iii) commitments to purchase customer premises equipment that are enforceable and legally binding on us.

Guarantees and Other Credit Enhancements

In the ordinary course of business, we have provided indemnifications to purchasers of certain of our assets, our lenders, our vendors and certain other parties. In addition, we have provided 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.

Other Contingencies

Acquisition of KBW by Liberty Global. On December 15, 2011, UPC Germany HoldCo 2 GmbH, one of Liberty Global's indirect subsidiaries, acquired all of the outstanding shares of Kabel BW Musketeer GmbH (formerly known as Musketeer GmbH) (KBW Musketeer) pursuant to a Sale and Purchase Agreement dated March 21, 2011 with Oskar Rakso S.à.r.l. as the seller (the KBW Purchase Agreement). KBW Musketeer is the indirect parent company of Kabel BW GmbH (formerly known as Kabel BW Holding GmbH) (KBW), Germany's third largest cable television operator in terms of number of subscribers. Liberty Global acquired KBW in order to achieve certain financial, operational and strategic benefits through the integration of KBW with our company and, to a lesser extent, with Liberty Global's other broadband communications operations in Europe.

As part of the regulatory approval process for Liberty Global's acquisition of KBW Musketeer (the LGI/KBW Transaction), our company and KBW made certain commitments to address the competition concerns of the German Federal Cartel Office (the FCO), as outlined below:

(a) The digital free-to-air television channels (as opposed to channels marketed in premium subscription packages) distributed on the networks of our company and KBW will be distributed in unencrypted form commencing January 1, 2013. This commitment is consistent with KBW's current practice and generally covers free-to-air television channels in standard definition and high definition (HD). If, however, free-to-air television broadcasters request their HD content to be distributed in an encrypted HD package, the encryption of free-to-air HD channels is still possible. In addition, our company and KBW made a commitment that, through December 15, 2015, the annual carriage fees received by our company and KBW for each such free-to-air television channel distributed in digital or simulcast in digital and analog would not exceed a specified annual amount, determined by applying the respective current rate card systems of our company and KBW as of January 1, 2012;

(b) Effective January 1, 2012, our company and KBW waived exclusivity rights in access agreements with housing associations with respect to the usage of infrastructures other than the in-building distribution networks of our company and KBW to provide television, internet or telephony services within the building;

(c) Effective January 1, 2012, upon expiration of the minimum term of an access agreement with a housing association, our company or KBW, as applicable, will transfer the ownership rights to the in-building distribution network to the building owner or other party granting access. In addition, our company and KBW each waived the rights to remove in-building distribution networks; and

(d) A special early termination right will be granted with respect to certain of our company's and KBW's existing access agreements with the largest housing associations that cover more than 800 dwelling units and have a remaining term of more than three years. The total number of dwelling units covered by the affected agreements is approximately 340,000, of which approximately 230,000 and 110,000 are located in the footprints of our company and KBW,

respectively. The special termination right may be exercised on or before September 30 of each calendar year up to the expiration of the current contract term, with termination effective as of January 1 or July 1 of the following year. If the special termination right is exercised, compensation will be paid to partially reimburse our company or KBW, as applicable, for unamortized investments in modernizing the in-building network based on an agreed formula.

In January 2012, two of our competitors, including Deutsche Telekom, each filed an appeal against the FCO regarding its decision to approve the LGI/KBW Transaction. We believe the decision will ultimately be upheld and currently intend to support the FCO in defending the decision. In addition, we do not expect that the filing of these appeals will have any impact on the ongoing integration and development of our and KBW's operations. The ultimate resolution of this matter is expected to take up to four years, including the appeals process.

Other. We have contingent liabilities related to legal proceedings and other matters arising in the ordinary course of business. We expect that the amounts, if any, which may be required to satisfy these contingencies will not be material in relation to our financial position or results of operations.

(15) Income Taxes

Unitymedia and its operating subsidiaries are part of two separate German fiscal unities. A German fiscal unity combines individual tax paying entities as one taxpayer for German tax purposes. The combined details of our current and deferred income tax benefit are as follows:

	Year ended December 31,	
	2011	2010
	in millions	
Current tax expense	€ (10.0)	€ (0.7)
Deferred tax benefit	26.1	36.2
Total	€ 16.1	€ 35.5

Income tax benefit attributable to our loss from continuing operations before income taxes differs from the income tax benefit computed by applying the German income tax rate of 31.88% for 2011 and 31.58% for 2010 and 2009 as a result of the following:

	Year ended December 31,		Period from October 23, 2009 to December 31, 2009
	2011	2010	
	in millions		
Computed "expected" income tax benefit	€ 47.8	€ 65.9	€ 19.7
Non-deductible or non-taxable interest and other items[(a)]	(27.7)	(21.4)	(1.0)
Enacted tax law and rate changes	(1.7)	—	—
Unrecognized net operating losses and interest carryforwards	(1.2)	(7.0)	(18.7)
Other, net	(1.1)	(2.0)	—
Total	€ 16.1	€ 35.5	€ —

(a) The 2011 amount includes current net tax benefit of €5.2 million and deferred tax expense of €16.1 million related to the remeasurement of prior year items.

The details of our deferred tax balances at December 31, 2011 and our deferred tax benefit for the year ended December 31, 2011 are as follows:

	December 31, 2011		Year ended December 31, 2011
	Deferred tax assets	Deferred tax liabilities	Recognition in statement of operations
		in millions	
Loss carryforwards	€ 133.7	€ —	€ (31.6)
Property and equipment	—	314.2	16.6
Intangible assets	—	142.8	18.9
Investments	—	16.1	(16.1)
Receivables	2.3	—	(3.7)
Provisions	1.1	—	(0.9)
Unrealized foreign exchange result	—	15.5	(2.1)
Accrued interest expense	44.4	—	43.8
Other	—	—	1.2
Net assets with liabilities within same jurisdiction	(181.5)	(181.5)	—
	€ —	€ 307.1	€ 26.1

The details of our deferred tax balances at December 31, 2010 and our deferred tax benefit for the year ended December 31, 2010 are as follows:

	December 31, 2010		Year ended December 31, 2010
	Deferred tax assets	Deferred tax liabilities	Recognition in statement of operations
		in millions	
Loss carryforwards	€ 165.3	€ —	€ 6.0
Property and equipment	—	330.8	19.4
Intangible assets	—	161.7	16.3
Receivables	6.0	—	8.2
Provisions	2.0	—	10.4
Unrealized foreign exchange result	—	13.4	(28.0)
Accrued interest expense	0.6	—	3.6
Other	0.1	1.4	0.3
Net assets with liabilities within same jurisdiction	(174.0)	(174.0)	—
	€ —	€ 333.3	€ 36.2

No deferred tax assets have been recognized for the following carryforwards:

	December 31,	
	2011	2010
	in millions	
Interest carryforwards	€ 71.2	€ 78.4
Trade tax loss carryforwards	€ 53.5	€ 31.3
Corporate income tax loss carryforwards	€ 149.7	€ 149.7

Our tax loss carryforwards within each jurisdiction combine all companies' tax losses in that jurisdiction, however, certain jurisdictions limit the ability to offset taxable income of separate company or different tax groups with the tax losses associated with another separate company or group as a result of certain agreements made pursuant to relevant tax law. These losses are limited while the agreement is in place. Some losses are limited in use due to change in control or same business tests.

(16) Shareholder's Equity (Deficit)

Our share capital is €25,000 at December 31, 2011 and has been fully paid. All of our shares are held by UPC Germany Holding.

Additional paid-in capital is the result of (i) a €17.0 million cash contribution from UPC Germany Holding during 2010, (ii) a € 1,100.0 million increase during 2011 related to the conversion to equity of €1,014.0 million of principal and €86.0 million of accrued interest associated with the shareholder loan payable to UPC Germany Holding, (iii) a cash contribution of €61.0 million for an investment in UMI, another Liberty Global subsidiary, and (iv) a €0.5 million increase related to stock-based compensation during 2011. For additional information concerning our investment in UMI, see note 17.

One of our indirect parent companies, Liberty Global Europe Holding B.V. (Liberty Global Europe), granted a financing commitment dated September 30, 2010 to our company in the amount of €75.0 million, of which €58.0 million was unused at December 31, 2011. This financing commitment expires on December 31, 2012 if not otherwise extended.

(17) Related-Party Transactions

Our related-party transactions consist of the following:

	Year ended December 31,	
	2011	2010
	in millions	
OpEx	€ 6.8	€ 1.4
Allocated stock-based compensation expense	0.5	—
Fees and allocations, net	35.8	23.8
Included in EBIT	43.1	25.2
Interest expense	99.9	85.8
Included in net loss from continuing operations	€ 143.0	€ 111.0
Capital expenditures	€ 5.6	€ 1.1

OpEx. These amounts represent certain cash settled charges from other Liberty Global subsidiaries, including UPC Holding, to our company primarily for (i) technology-related costs based on Liberty Global's global contract for encryption services and (ii) certain backbone costs.

Allocated stock-based compensation expense. These amounts are allocated to our company by Liberty Global and represent the stock-based compensation associated with the Liberty Global stock incentive awards held by certain employees of our subsidiaries. Awards consist of (i) stock appreciation rights, (ii) restricted shares and restricted share units and (iii) performance-based restricted share units (PSUs). PSUs represent the right to receive one share of Liberty Global Series A common stock or Liberty Global Series C common stock, as applicable, subject to performance and vesting as determined by the compensation committee of Liberty Global's board of directors. Stock-based compensation expense is reflected as an increase to shareholder's equity and is included in SG&A in our consolidated statements of operations.

Fees and allocations, net. These amounts represent charges from other Liberty Global subsidiaries, including UPC Holding, to our company following the LGI/Unitymedia Transaction, including charges for management, finance, legal, technology, marketing and other services that support our company's broadband communications operations. The amounts charged generally are based on our company's estimated share of the applicable costs (including personnel-related and other costs associated with the services provided) incurred by the other Liberty Global subsidiaries, plus a mark-up. The monthly amounts charged are based on estimated costs that are reviewed and revised on an annual basis, with any differences between the revised and estimated amounts recorded in the period identified. Charges from UPC Holding may be cash or loan settled. With respect to the amounts settled during 2011 and 2010, all amounts were loan settled with the exception of €13.1 million that was cash settled during the second half of 2011.

Interest expense. Related-party interest expense relates to our loans payable to UPC Germany Holding. Accrued interest is transferred to the loan balance annually on January 1. For additional information, see note 13.

Depending on the nature of our intercompany transactions, the amount of the charges or allocations may be based on (i) estimated or allocated costs, (ii) estimated or allocated costs plus a mark-up or (iii) commercially negotiated rates. Although we believe that the intercompany fees and allocations described above are reasonable, no assurance can be given that the related-party costs and expenses reflected in our consolidated statements of operations are reflective of the costs that we would incur on a standalone basis.

Capital expenditures. These amounts represent our purchases of network- related equipment from UPC Holding.

UPC Germany Holding Loan Receivable. Represents amounts loaned to UPC Germany Holding pursuant to a loan agreement. We can require the repayment of all or part of this loan within five-days of providing notice to UPC Germany Holding. Amounts loaned to UPC Germany Holding pursuant to this agreement are subject to certain restrictions included in the indenture for the UM Senior Notes. The interest rate on this loan, which can be adjusted at any time with the mutual consent of the parties, was 2.25% through December 31, 2011. Interest income on this loan through December 31, 2011 was not significant.

Investment in associate. Represents amounts invested in UMI. UMI was formed for the purpose of effecting certain asset purchase and related leasing transactions involving certain of UPC Holding's subsidiaries, including certain purchase and leaseback transactions that were initiated in December 2011. UMI is considered a special purpose entity and is consolidated by UPC Holding. Although UPC Holding has no equity or voting interest in UMI, UPC Holding has the substantive ability to direct the major activities of UMI, and all of the activities of UMI are conducted directly on behalf of UPC Holding. As such, UPC Holding is required by the provisions of EU-IFRS to consolidate UMI. As a result, we use the equity method to account for our investment in UMI.

Shareholder loans payable. Represents amounts payable pursuant to our shareholder loans with UPC Germany Holding. For additional information, see note 13.

Accounts payable and accrued liabilities — related party. At December 31, 2011 and 2010, our accounts payable and accrued liabilities — related party represented amounts owed to UPC Holding and other Liberty Global subsidiaries outside of Unitymedia for various intercompany charges, fees and allocations, as further described above. These amounts may be cash or loan settled.

Parent guarantee. At December 31, 2010, our accumulated deficit exceeded paid-in capital. As described in note 16, Liberty Global Europe has granted a financing commitment to us and our wholly-owned subsidiaries through December 31, 2012. The terms of any amounts loaned under this parental guarantee are the same as those for our shareholder loans payable to UPC Germany Holding, as described in note 13.

Management Remuneration. Salaries, bonuses, and benefit related remuneration of the Managing Directors was €2.2 million and € 2.1 million for the years ended December 31, 2011 and 2010, respectively.

(18) Disclosures according to Generally Accepted Accounting Principles in Germany

The average number of employees in 2011 was 1,624. The number of employees calculated in full time equivalents (FTE) as a quarterly average was 1,614 FTE. In our operating departments, which include network and customer operations and customer services, we employed 1,183 FTE in 2011, and in our administration departments, consisting of sales & marketing, finance, IT and other general services, 431 FTE were employed.

Our auditor has received the following remuneration for the respective services:

	Year ended December 31,	
	2011	2010
	in millions	
Audit of financial statements	€ 0.6	€ 0.5
Assurance services	0.2	0.1
Other services	—	0.1
Total	€ 0.8	€ 0.7

UNITYMEDIA KABELBW REPORTS SELECTED 2014 RESULTS

Strong Subscriber Growth of Over 510,000 RGUs Drove 6% Revenue and 10% Adjusted EBITDA Growth During 2014

Cologne, Germany — February 13, 2015: Unitymedia KabelBW GmbH ("Unitymedia KabelBW"), the leading cable operator in Germany and the federal states of North Rhine-Westphalia, Hesse (collectively, the "Unitymedia" footprint) and Baden-Württemberg (the "KabelBW" footprint), today provides selected, preliminary unaudited operating and financial information for the three months ("Q4") and year ("FY") ended December 31, 2014, as compared to the results for the same periods last year (unless noted). Unitymedia KabelBW is a wholly-owned subsidiary of Liberty Global plc ("Liberty Global") (NASDAQ: LBTYA, LBTYB and LBTYK). A copy of this press release has been posted to Liberty Global's website (www.libertyglobal.com). Unitymedia KabelBW's audited consolidated financial statements with the accompanying notes are expected to be posted prior to the end of March 2015.

Operating Performance and Highlights:*

- Continued operational momentum with over 510,000 RGU(1) additions during FY 2014
  - Q4 net additions of 139,000 RGUs, a 2% year-over-year improvement
  - 319,000 broadband internet and 232,000 telephony RGUs added in FY 2014
  - FY 2014 video attrition improved by over 50% year-over-year, despite certain basic video price increases in September and November
- Unified product portfolio putting Horizon at center stage across the entire footprint
  - Successful Horizon TV platform launch in KabelBW region in November
  - Added 187,000 new Horizon TV subscribers in 2014, including a record of 71,000 during Q4
  - Continued speed leadership with 200 Mbps available to 98% of homes passed
- Average download speed in our broadband base is now 54 Mbps, up 30% compared to Q4 2013
- Implemented a €2.90 price increase to around half of our broadband base effective February 1, 2015
- Starting in spring 2015, we will leverage the "Unitymedia" brand across our entire German footprint

Summary Financial Results:*

- Revenue increased 6% to €2,052 million in FY 2014 and 7% to €530 million in Q4
- Monthly ARPU(2) per customer grew 6% to €21.59 in 2014
- Adjusted EBITDA(3) increased 10% in FY 2014 to €1,272 million and 6% to €325 million in Q4
- Net loss in FY 2014 decreased year-over-year to €190 million
- Property, equipment and intangible asset additions(4) were 25% of revenue for FY 2014, in line with guidance of 24-26% of revenue

* For definitions and reconciliations of certain financial and subscriber metrics, please see pages A9-12.

Unitymedia KabelBW Operating Statistics Summary*

	As of and for the three months ended December 31,	
	2014	**2013**
Footprint		
Homes Passed[5]	12,713,300	12,634,300
Two-way Homes Passed[6]	12,401,900	12,295,200
Subscribers (RGUs)[1][7]		
Analog Cable[8]	4,280,100	4,366,500
Digital Cable[9]	2,277,800	2,234,900
Total Video	6,557,900	6,601,400
Internet[10]	2,896,400	2,579,600
Telephony[11]	2,748,000	2,517,500
Total RGUs	12,202,300	11,698,500
Q4 organic RGU net additions (losses)		
Analog Cable	(19,000)	(47,000)
Digital Cable	14,100	20,600
Total Video	(4,900)	(26,400)
Internet	78,500	88,900
Telephony	65,200	73,000
Total RGU net additions	138,800	135,500
Penetration		
Digital Cable as % of Total Video Subs[12]	34.7%	33.9%
Internet as % of Two-way Homes Passed[13]	23.4%	21.0%
Telephony as % of Two-way Homes Passed[13]	22.2%	20.5%
Customer relationships[7]		
Customer Relationships[14]	7,126,800	7,069,800
RGUs per Customer Relationship	1.71	1.65
Customer bundling		
Single-Play	60.0%	63.4%
Double-Play	8.9%	7.7%
Triple-Play	31.1%	28.9%
ARPU[2]		
Q4 Monthly ARPU per Customer Relationship	€ 22.26	€ 20.68
FY Monthly ARPU per Customer Relationship	€ 21.59	€ 20.33
Mobile statistics		
Mobile subscribers[15]	309,800	239,500

* For footnote disclosure, please refer to pages A11-12.

Subscriber Statistics and Commercial Development

We ended 2014 with 7.1 million unique customers subscribing to a total of 12.2 million services which consisted of 6.6 million video, 2.9 million broadband internet and 2.7 million telephony subscriptions. During 2014, we delivered 511,000 organic RGU additions, including 139,000 RGUs during Q4 which was up 2% compared the corresponding prior year period. At December 31, 2014, approximately 31% of our customers subscribed to triple-play bundles, 9% received two services from us and 60%, or 4.3 million customers, subscribed to only one service, representing a significant growth opportunity.

During the year, we continued the enhancement of our video entertainment products as we expanded the number of HD channels to over 65 and video-on-demand ("VoD") titles to over 10,000, while introducing the Horizon TV platform in our KabelBW footprint in November. We also launched our multi-screen "Horizon Go" service, which includes out-of-home viewing capabilities, with over 100 live-streaming channels, and access to our VoD library wherever customers want. These improvements helped us implement certain basic video price increases last fall with limited video attrition, as we reduced our video losses to 40,000 RGUs in 2014, or 54%, as compared to the prior year period. In Q4, our video attrition was aided by positive net additions to our multi-dwelling unit base, as we connected a portion of the 60,000 units from a contract win that we announced in Q2 2013. In December, we secured another long-term housing association contract with over 60,000 units, to which we had already been providing basic video services indirectly via a professional operator (level 4), offering further upsell opportunities for our advanced services.

On the back of the continued traction of our our next-generation video platform, Horizon TV, we added a record 71,000 new subscribers during Q4, bringing the total number of Horizon TV net additions to 187,000 in 2014. Our 245,000 Horizon TV subscribers at year-end 2014 reflect a penetration of our digital video base of just 11%, providing us with significant potential to upgrade additional customers to our next-generation TV platform.

Driven by our superior network, we grew our broadband subscriber base by 319,000 organic RGUs in 2014, of which 79,000 were added during Q4. Following our latest broadband speed increase in November, we now feature speeds of 120 Mbps in our core bundle, along with a maximum download speed of 200 Mbps that is available to 98% of our 12.7 million homes passed. With these market-leading speeds, we are twice as fast as what the incumbent is currently rolling out in selected areas. The average broadband speed in our customer base is now 54 Mbps, an increase of 30% as compared to the prior year period. As a result of the continued demand for fast broadband, 65% of our new subscribers chose products with speeds of 100 Mbps or higher in Q4. On the telephony front, we kept the bundling ratio of fixed telephony to new broadband subscribers relatively stable and, as a result, gained 232,000 telephony RGUs in 2014, of which 65,000 were added in Q4.

In order to monetize the investment in our superior network, including recent increases in network capacity, we implemented a broadband price increase of €2.90 or approximately 10% for legacy customers who subscribed to offerings that were launched before April 2013. This impacted approximately half of our overall broadband subscriber base effective February 1, 2015. Net of subscriber churn, we expect this price increase to support our growth during 2015 and underpin our growth strategy of balancing price increases together with volume growth.

Following the IT platform and Horizon product harmonization during 2014, we will leverage the "Unitymedia" brand across our entire German footprint beginning in the spring of 2015. As a result, we are planning to discontinue the use of our "Kabel BW" brand.

With our TV heritage, continued speed leadership and our ability to leverage the scale and expertise of Liberty Global, we believe we are best positioned to deliver on the convergence of technology and content to the benefit of the consumer, by offering superfast broadband internet speeds bundled with rich entertainment offerings wherever customers are in Germany.

Settlement of KabelBW Transaction Court Case

In January 2012, two of our competitors (collectively, "the Appellants"), including the incumbent telecommunications operator, each filed an appeal (collectively, "the FCO Appeals") against the Federal Cartel Office ("FCO") regarding its decision to approve Liberty Global's acquisition of Kabel BW GmbH ("KBW"). During Q4 2014 Unitymedia KabelBW's parent company Liberty Global reached a settlement with two of Unitymedia KabelBW's competitors, in their pending complaints against the FCO regarding its decision to approve Liberty Global's acquisition of KBW in 2011. The Appellants have withdrawn their appeals to the FCO clearance decision and on January 21, 2015, the FCO consented to the withdrawal. Once the Federal Court of Justice terminates the proceedings, which is expected to occur during the first quarter of 2015, the FCO's clearance decision with respect to Liberty Global's acquisition of KBW will become final and binding without any additional review or conditions. Upon termination of the proceedings, a Liberty Global subsidiary, outside of Unitymedia KabelBW, will make a payment to the Appellants.

Financial Results

Preliminary Unaudited Selected Financial Results for the Three Months and Year Ended December 31, 2014 and 2013 Based on EU-IFRS*

	Three months ended December 31,		
	2014	2013	Change
	in millions		
Revenue	€ 530.5	€ 494.2	7%
Adjusted EBITDA[3]	€ 324.6	€ 306.9	6%
Property, equipment and intangible asset additions[4]	€ 149.8	€ 114.8	30%
As % of Revenue			
Adjusted EBITDA[3]	61.2%	62.1%	(90bp)
Property, equipment and intangible asset additions[4]	28.2%	23.2%	500bp

	Year ended December 31,		
	2014	2013	Change
	in millions		
Revenue	€ 2,052.3	€ 1,927.4	6%
Adjusted EBITDA[3]	€ 1,271.8	€ 1,158.1	10%
Property, equipment and intangible asset additions[4]	€ 509.8	€ 478.7	6%
As % of Revenue			
Adjusted EBITDA[3]	62.0%	60.1%	190bp
Property, equipment and intangible asset additions[4]	24.8%	24.8%	—

* International Financial Reporting Standards, as adopted by the European Union ("EU-IFRS").

Revenue for the three months and year ended December 31, 2014 increased 7% to €530 million and 6% to €2,052 million, respectively, as compared to the corresponding prior year periods. This marks the first time we have surpassed the milestone of €2 billion revenue on an annual basis. Our year-over-year growth was primarily due to (i) continued RGU growth and (ii) higher ARPU, partially offset by lower interconnection revenue. The full-year revenue result was positively impacted by a €9 million nonrecurring network usage settlement during Q1 2014, of which €8 million improved our Adjusted EBITDA during that period. This nonrecurring item will present us with a difficult comparison for both revenue and Adjusted EBITDA in Q1 2015.

Adjusted EBITDA for the three months and year ended December 31, 2014 increased 6% to €325 million and 10% to €1,272 million, respectively, as compared to the corresponding prior year periods. These increases are the result of the net positive impact of the revenue drivers noted above and continued tight cost controls, leading to a 190 basis point year-over-year margin[16] expansion for the full-year 2014. As expected, and as we noted in our Q2 earnings release, our Q4 2014 result was impacted by higher marketing expenses.

Property, equipment and intangible asset additions for the three months ended December 31, 2014 were 28% of revenue, as compared to 23% of revenue in the prior year period. The increase was largely due to higher spend on customer premise equipment ("CPE") associated with our record Horizon TV volumes and different phasing of CPE purchases as compared to last year. In addition, the phasing of various upgrade and installation projects into Q4 also contributed to the increase. For FY 2014, property, equipment and intangible asset additions increased to €510 million or 25% of revenue, similar to our FY 2013 ratio, and in line with our guidance of 24-26% of revenue for 2014. The year-over-year increase in absolute terms was primarily driven by higher expenditures for scalable infrastructure, such as node splits and upgrade/rebuild, as well as support capital in connection with the KabelBW IT integration, partially offset by lower CPE spend.

For 2015, we expect property, equipment and intangible asset additions to range between 23% and 25% of revenue.

Capital Resources

The following table details the euro equivalent of our consolidated third-party debt and cash and cash equivalents as of December 31, 2014:

Description	Maturity date	Interest rate	Nominal value	Carrying value
			in millions	
Super Senior Revolving Credit Facility	Dec. 31, 2020	Euribor + 2.25%	€ 80.0	€ 80.0
Senior Revolving Credit Facility	Dec. 31, 2020	Euribor + 2.75%	€ 420.0	200.0
December 2014 UM Euro Senior Secured Notes	Jan. 15, 2025	4.000%	€1,000.0	1,000.0
December 2014 UM Dollar Senior Secured Notes	Jan. 15, 2025	5.000%	$ 550.0	454.5[17]
September 2012 UM Senior Secured Notes	Sept. 15, 2022	5.500%	€ 650.0	650.0
December 2012 UM Dollar Senior Secured Notes	Jan. 15, 2023	5.500%	$1,000.0	826.4[17]
December 2012 UM Euro Senior Secured Notes	Jan. 15, 2023	5.750%	€ 500.0	500.0
January 2013 UM Senior Secured Notes	Jan. 21, 2023	5.125%	€ 500.0	500.0
April 2013 UM Senior Secured Notes	Apr. 15, 2023	5.625%	€ 350.0	350.0
November 2013 UM Senior Secured Notes	Jan. 15, 2029	6.250%	€ 475.0	475.0
October 2014 UM Senior Notes	Jan 15, 2025	6.125%	$ 900.0	743.8[17]
UM Senior Exchange Notes	March 15, 2021	9.500%	€ 618.0	616.6
Total				6,396.3
Transaction costs				(47.4)
Accrued interest — third-party				99.7
Vendor financing				96.5
Finance lease obligations				5.2
Total third-party debt and finance lease obligations (including current portion)				6,550.3
Cash and cash equivalents				(14.4)
Total third-party net debt[18]				€6,535.9

For footnote disclosure, please refer to pages A11-12.

At December 31, 2014, we had total third-party net debt of €6,536 million, an increase of €787 million as compared to September 30, 2014, primarily due to incremental debt that we issued during Q4 2014 (as noted below) as well as the strengthening of the U.S. dollar relative to the euro during the quarter. We use derivative instruments to synthetically convert our U.S. dollar-denominated debt to euro debt, and to fix our variable interest rates.

In July, we cancelled both of our revolving credit facilities and entered into two new revolving credit facilities, each of which mature on December 31, 2020 and bear interest at lower rates than the former facilities. As part of this refinancing activity, we upsized the Senior Revolving Credit Facility from €338 million to €420 million.

During Q4, we issued $900 million principal amount (€744 million carrying value) of new senior notes yielding 6.125% per annum, maturing in January 2025, which were used to redeem our €665 million 9.625% 2009 UM Senior Notes and pay the related call premium and transaction costs. In addition, we issued €1 billion and $550 million principal amounts (€455 million carrying value) of senior secured notes, yielding 4.0% and 5.0%, respectively, both maturing in January 2025. The proceeds were predominantly used to fully redeem principal amounts of €735 million and $459 million of our 7.5% Senior Secured Fixed-Rate Exchange Notes, pay the related call premiums and transaction costs and repay a portion of the then outstanding drawings under our Senior Revolving Credit Facility.

Following the Q4 2014 refinancing activities and drawings under our revolving credit facilities during Q4, our fully-swapped debt borrowing cost[19] improved to 5.4%, as compared to 7.0% at Q4 2013, and the average tenor of our third-party debt is now approximately 9 years. Based on the results for Q4 2014 and subject to the completion of our Q4 2014 reporting requirements, (i) the ratio of Senior Secured Debt to Annualized EBITDA (last two quarters annualized) was 3.85x and (ii) the ratio of Total Debt to Annualized EBITDA (last two quarters annualized) was 4.90x, each as defined and calculated in accordance with our Senior Revolving Credit Facility.

About Unitymedia KabelBW

Unitymedia KabelBW is the leading cable operator in Germany and the federal states of North Rhine-Westphalia, Hesse and Baden-Württemberg and is a wholly-owned subsidiary of Liberty Global. We market our services under two commercial brands, Unitymedia and Kabel BW. We provide analog and digital cable television services, as well as internet and telephony services to our 7.1 million customers who reside in our fiber-rich footprint. As of December 31, 2014, Unitymedia KabelBW served approximately 6.6 million video subscribers, 2.9 million internet subscribers and 2.7 million fixed-line telephony subscribers over a broadband communications network that passed approximately 12.7 million homes. More information on Unitymedia KabelBW can be found at www.umkbw.de.

About Liberty Global

Liberty Global is the largest international cable company with operations in 14 countries. Liberty Global connects people to the digital world and enables them to discover and experience its endless possibilities. Liberty Global's market-leading triple-play services are provided through next-generation networks and innovative technology platforms that connected 27 million customers subscribing to 56 million television, broadband internet and telephony services at December 31, 2014. In addition, Liberty Global served 5 million mobile subscribers across nine countries at year-end 2014. Liberty Global's consumer brands include Virgin Media, UPC, Ziggo, Unitymedia, Kabel BW, Telenet and VTR. Liberty Global's operations also include Liberty Global Business Services, its commercial division, and Liberty Global Ventures, its investment fund. For more information, please visit www.libertyglobal.com.

Disclaimer

This investor release contains forward-looking statements, including statements with respect to our strategy and future growth prospects and opportunities, the impact of our price increases and bundling packages, our unified product portfolio and branding, anticipated impact of nonrecurring items, our property equipment and intangible asset additions as a percentage of revenue, the strength of our balance sheet including the tenor of our third-party debt and other information and statements that are not historical fact. These forward-looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those expressed or implied by these statements. These risks and uncertainties include the continued use by subscribers and potential subscribers of our services and their willingness to upgrade to our more advanced offerings, our ability to meet challenges from competition, to manage rapid technological change or to maintain or increase rates to our subscribers or to pass through increased costs to our subscribers, the effects of changes in laws or regulation, our ability to obtain regulatory approval and satisfy regulatory conditions associated with acquisitions and dispositions, general economic factors, our ability to successfully acquire and integrate new businesses and realize anticipated efficiencies from businesses we acquire, the availability of attractive programming for our digital video services and the costs associated with such programming, our ability to achieve forecasted financial and operating targets, the outcome of any pending or threatened litigation, our ability to access cash of our subsidiaries and the impact of our future financial performance, or market conditions generally, on the availability, terms and deployment of capital, fluctuations in currency exchange and interest rates, the ability of vendors and suppliers to timely deliver quality products, equipment, software and services, as well as other factors detailed from time to time in Liberty Global's filings with the Securities and Exchange Commission, including its annual report on Form 10-K for the year ended December 31, 2014. These forward-looking statements speak only as of the date of this release. 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 change in events, conditions or circumstances on which any such statement is based.

Our financial condition and results of operations will be included in Liberty Global's consolidated financial statements under generally accepted accounting principles in the United States ("U.S. GAAP"). We prepare our financial statements in accordance with EU-IFRS, and accordingly, the financial figures contained in this release are also prepared in accordance with EU-IFRS. There are significant differences between the U.S. GAAP and EU-IFRS presentations of our consolidated financial statements.

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Reconciliation Based on EU-IFRS

	Three months ended December 31,	
	2014	2013
	in millions	
Adjusted EBITDA[3]	€ 324.6	€ 306.9
Depreciation and amortization	(186.7)	(176.4)
Impairment, restructuring and other operating items, net	1.7	(7.7)
Share-based compensation	(0.9)	(0.7)
Related-party fees and allocations[20]	(25.7)	(22.2)
Earnings before interest and taxes ("EBIT")	113.0	99.9
Net financial and other expense	(229.5)	(166.1)
Income tax benefit	12.2	2.6
Net loss	€ (104.3)	€ (63.6)

	Year ended December 31,	
	2014	2013
	in millions	
Adjusted EBITDA[3]	€ 1,271.8	€ 1,158.1
Depreciation and amortization	(719.4)	(678.6)
Impairment, restructuring and other operating items, net	2.8	(16.2)
Share-based compensation	(2.8)	(2.0)
Related-party fees and allocations[20]	(105.6)	(76.4)
EBIT	446.8	384.9
Net financial and other expense	(635.7)	(622.2)
Income tax expense	(1.1)	(48.4)
Net loss	€ (190.0)	€ (285.7)

Property, Equipment and Intangible Asset Additions

The table below highlights the categories of our property, equipment and intangible asset additions for the indicated periods and reconciles those additions to the capital expenditures that we present in our consolidated statements of cash flows:

	Three months ended December 31,	
	2014	2013
	in millions	
Customer premises equipment	€ 31.2	€ 17.3
Scalable infrastructure	23.2	15.6
Line extensions / new build	11.6	8.6
Upgrade / rebuild / network improvement	43.4	33.5
Support capital	9.2	7.3
Capitalized subscriber acquisition costs	20.0	17.7
Software and licenses	11.2	14.8
Property, equipment and intangible asset additions	149.8	114.8
Assets acquired under capital-related vendor financing arrangements	(30.2)	(13.8)
Changes in liabilities related to capital expenditures (including related-party)	(21.9)	6.5
Total capital expenditures	€ 97.7	€ 107.5

	Year ended December 31,	
	2014	2013
	in millions	
Customer premises equipment	€ 109.5	€ 116.6
Scalable infrastructure	68.1	53.8
Line extensions / new build	43.5	41.1
Upgrade / rebuild / network improvement	143.3	134.8
Support capital	27.7	20.9
Capitalized subscriber acquisition costs	74.0	69.7
Software and licenses	43.7	41.8
Property, equipment and intangible asset additions	509.8	478.7
Assets acquired under capital-related vendor financing arrangements	(95.2)	(33.5)
Changes in liabilities related to capital expenditures (including related-party)	(3.7)	(25.9)
Total capital expenditures	€ 410.9	€ 419.3

Footnotes

(1) Revenue Generating Unit or RGU is separately an Analog Cable Subscriber, Digital Cable Subscriber, Internet Subscriber or Telephony Subscriber (as defined and described below). A home, residential multiple dwelling unit or commercial unit may contain one or more RGUs. For example, if a residential customer subscribed to our digital cable service, telephony service and broadband internet service, the customer would constitute three RGUs. Total RGUs is the sum of Analog Cable, Digital Cable, Internet and Telephony Subscribers. RGUs generally are counted on a unique premises basis such that a given premises does not count as more than one RGU for any given service. On the other hand, if an individual receives one of our services in two premises (e.g., a primary home and a vacation home), that individual will count as two RGUs for that service. Each bundled cable, internet or telephony service is counted as a separate RGU regardless of the nature of any bundling discount or promotion. Non-paying subscribers are counted as subscribers during their free promotional service period. Some of these subscribers may choose to disconnect after their free service period. We do not include subscriptions to mobile services in our externally reported RGU count.

(2) ARPU per Customer Relationship (as defined and described below) refers to the average monthly subscription revenue per average Customer Relationship. The amount is calculated by dividing the average monthly subscription revenue (excluding fees from carriage, interconnection, installation, late fees and mobile) for the indicated period, by the average of the opening and closing balances for Customer Relationships for the period.

(3) Adjusted EBITDA is the primary measure used by our management to evaluate the company's performance. Adjusted EBITDA is also a key factor that is used by our internal decision makers to evaluate the effectiveness of our management for purposes of annual and other incentive compensation plans. We define EBITDA as earnings before net finance expense, income taxes, depreciation and amortization. As we use the term, Adjusted EBITDA is defined as EBITDA before share-based compensation, impairment, restructuring and other operating items and related-party fees and allocations, net. 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 internal decision makers believe Adjusted EBITDA is a meaningful measure and is superior to other available EU-IFRS measures because it represents a transparent view of our recurring operating performance that is unaffected by our capital structure and allows management to readily view operating trends and identify strategies to improve operating performance. We believe our Adjusted EBITDA measure is useful to investors because it is one of the bases for comparing our performance with the performance of other companies in the same or similar industries, although our measure may not be directly comparable to similar measures used by other companies. Adjusted EBITDA should be viewed as a measure of operating performance that is a supplement to, and not a substitute for EBIT, net earnings (loss), cash flow from operating activities and other EU-IFRS measures of income or cash flows. A reconciliation of Adjusted EBITDA to net loss is presented on page A9.

(4) Property, equipment and intangible asset additions include our capital expenditures on an accrual basis and our vendor financing, capital lease and other non-cash additions.

(5) Homes Passed are homes, residential multiple dwelling units or commercial units that can be connected to our network without materially extending the distribution plant. Our Homes Passed counts are based on census data that can change based on either revisions to the data or from new census results.

(6) Two-way Homes Passed are Homes Passed by those sections of our network that are technologically capable of providing two-way services, including video, internet and telephony services, up to the street cabinet, with drops from the street cabinet to the building generally added, and in-home wiring generally upgraded, on an as-needed, success-based basis.

(7) Our business-to-business ("B2B") revenue is primarily derived from small office/home office ("SOHO") subscribers that pay a premium price to receive enhanced service levels along with video, internet and telephony services that are the same or similar to the mass marketed products offered to our residential subscribers. All mass marketed products provided to SOHOs, whether or not accompanied by enhanced service levels and/or premium prices, are included in our RGU and customer counts, with only those services provided at premium prices considered to be "SOHO RGUs" or "SOHO customers". With the exception of our B2B SOHO subscribers, we generally do not count customers of B2B services as customers or RGUs for external reporting purposes.

(8) Analog Cable Subscriber is a home, residential multiple dwelling unit or commercial unit that receives our analog cable service over our broadband network. The Analog Cable Subscriber count also includes subscribers who may use a purchased set-top box or other means to receive our basic digital cable channels without subscribing to any services that would require the payment of recurring monthly fees in addition to the basic analog service fee ("Basic Digital Cable Subscriber"). Our Basic Digital Cable Subscribers are attributable to the fact that our basic digital cable channels are unencrypted.

(9) Digital Cable Subscriber is a home, residential multiple dwelling unit or commercial unit that receives our digital cable service over our broadband network. We count a subscriber with one or more digital converter boxes that receives our digital cable service in one premises as just one subscriber. A Digital Cable Subscriber is not counted as an Analog Cable Subscriber. As we migrate customers from analog to digital cable services, we report a decrease in our Analog Cable Subscribers equal to the increase in our Digital Cable Subscribers. As discussed in further detail in note 9 above, Basic Digital Cable Subscribers are not included in our Digital Cable Subscriber count.

(10) Internet Subscriber is a home, residential multiple dwelling unit or commercial unit that receives internet services over our network. Our Internet Subscribers do not include customers that receive services from dial-up connections. In our Unitymedia footprint, we offer a low-speed wholesale internet service to housing associations on a bulk basis. As of December 31, 2014, our Internet Subscribers include

approximately 8,300 subscribers within such housing associations who have requested and received a modem that enables the receipt of this low-speed wholesale internet service.

(11) Telephony Subscriber is a home, residential multiple dwelling unit or commercial unit that receives voice services over our network. Telephony Subscribers exclude mobile telephony subscribers.

(12) Digital cable penetration is calculated by dividing the number of digital cable RGUs by the total number of digital and analog cable RGUs.

(13) Internet and telephony penetration is calculated by dividing the number of internet and telephony RGUs by the number of two-way homes passed.

(14) Customer Relationships are the number of customers who receive at least one of our video, internet or telephony services that we count as RGUs, without regard to which, or to how many services they subscribe. Customer Relationships generally are counted on a unique premises basis. Accordingly, if an individual receives our services in two premises (e.g., a primary home and a vacation home), that individual generally will count as two Customer Relationships. We exclude mobile customers from Customer Relationships.

(15) Our mobile subscriber count represents the number of subscriber identification module ("SIM") cards in service.

(16) We define Adjusted EBITDA margin to mean Adjusted EBITDA as a percentage of revenue.

(17) Based on a EUR/USD exchange rate of 1.2100 as of December 31, 2014.

(18) Total Third-Party Net Debt represents the net carrying value of debt, including capitalized transaction costs, discounts, premiums and accrued interest, finance lease obligations, capital-related vendor financing arrangements, less cash and cash equivalents. Total Third-Party Net Debt is not a defined term under EU-IFRS and may not therefore be comparable with other similarly titled measures reported by other companies.

(19) Our fully-swapped debt borrowing cost represents the weighted average interest rate on our aggregate variable- and fixed-rate indebtedness (excluding finance lease obligations), including the effects of derivative instruments, original issue premiums or discounts and commitment fees, but excluding the impact of financing costs.

(20) Represents charges from parent for general support and administration services rendered.

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