



# **VodafoneZiggo Group B.V.**

**Condensed Consolidated Financial Statements  
September 30, 2017**

**VodafoneZiggo Group B.V.  
Atoomweg 100  
3452 AB Utrecht  
The Netherlands**

**VODAFONEZIGGO GROUP B.V.**

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**VODAFONEZIGGO GROUP B.V.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(unaudited)**  
**(in millions)**

	<b>Successor</b>	
	<b>September 30, 2017</b>	<b>December 31, 2016</b>
<b>ASSETS</b>		
Current assets:		
Cash .....	€ 391.8	€ 59.9
Restricted cash (notes 3, 8 and 10) .....	—	2,979.4
Trade receivables, net .....	243.0	293.1
Related-party receivables (note 10) .....	41.7	16.0
Value-added taxes (VAT) receivable, net .....	—	119.4
Prepaid expenses .....	46.9	44.2
Inventory held for sale, net .....	35.9	32.2
Derivative instruments (note 5) .....	41.3	20.4
Other current assets, net .....	32.3	24.2
Total current assets .....	832.9	3,588.8
Property and equipment, net (note 7) .....	5,403.2	5,462.9
Goodwill (note 7) .....	7,357.3	7,310.4
Intangible assets subject to amortization, net (note 7) .....	7,325.6	7,879.7
Other assets, net (note 5) .....	52.0	309.3
Total assets .....	€ 20,971.0	€ 24,551.1

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

**VODAFONEZIGGO GROUP B.V.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS — (Continued)**  
**(unaudited)**  
**(in millions)**

	<b>Successor</b>	
	<b>September 30, 2017</b>	<b>December 31, 2016</b>
<b>LIABILITIES AND OWNER'S EQUITY</b>		
Current liabilities:		
Accounts payable:		
Third-party .....	€ 211.4	€ 222.1
Related-party (note 10) .....	97.7	99.9
Related-party distribution payable (notes 8 and 10) .....	—	2,844.0
Accrued and other current liabilities:		
Third-party (note 11).....	297.1	331.6
Related-party (note 10) .....	19.6	14.9
Deferred revenue and advance payments from subscribers and others.....	194.1	205.6
Accrued interest (note 10) .....	88.6	122.7
VAT payable.....	129.9	51.8
Derivative instruments (note 5).....	86.0	189.2
Current portion of debt and capital lease obligations (note 8):		
Third-party .....	625.5	275.3
Related-party (note 10) .....	201.0	201.6
Total current liabilities.....	1,950.9	4,558.7
Long-term debt and capital lease obligations (note 8):		
Third-party .....	9,805.7	10,388.5
Related-party (note 10).....	1,800.2	1,801.0
Deferred income taxes .....	1,429.8	1,514.5
Other long-term liabilities (notes 5 and 11).....	595.3	349.3
Total liabilities.....	15,581.9	18,612.0
Commitments and contingencies (notes 5, 10, and 12)		
Total owner's equity (note 3).....		
Total liabilities and owner's equity .....	€ 20,971.0	€ 24,551.1

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

**VODAFONEZIGGO GROUP B.V.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(unaudited)  
(in millions)

	Successor		Predecessor	
	Three months ended September 30, 2017	Nine months ended September 30, 2017	Three months ended September 30, 2016 (a)	Nine months ended September 30, 2016 (a)
Revenue (notes 10 and 13) .....	€ 999.2	€ 3,014.0	€ 615.1	€ 1,828.9
Operating costs and expenses (exclusive of depreciation and amortization, shown separately below):				
Programming and other direct costs of services (note 10).....	217.0	671.0	119.0	351.7
Other operating (note 10).....	110.4	349.6	79.9	239.2
Selling, general and administrative (SG&A) (note 10).....	167.8	516.4	82.2	252.5
Charges for JV Services (note 10).....	58.2	175.9	—	—
Related-party fees and allocations (note 10).....	—	—	57.3	164.1
Depreciation and amortization .....	363.7	1,117.0	230.5	686.8
Impairment, restructuring and other operating items, net (note 11).....	(2.2)	0.5	1.4	7.1
	914.9	2,830.4	570.3	1,701.4
Operating income .....	84.3	183.6	44.8	127.5
Non-operating income (expense):				
Interest expense:				
Third-party .....	(115.3)	(347.1)	(77.7)	(238.6)
Related-party (note 10).....	(28.3)	(84.2)	(41.3)	(123.4)
Interest income .....	2.6	3.2	0.3	0.3
Realized and unrealized losses on derivative instruments, net (note 5).....	(203.7)	(525.3)	(146.4)	(332.7)
Foreign currency transaction gains, net .....	161.9	581.3	34.4	81.2
Gains (losses) on debt modification and extinguishment, net (note 8).....	—	15.2	(14.3)	(14.3)
Other income (expense), net .....	—	10.5	(5.9)	(15.4)
	(182.8)	(346.4)	(250.9)	(642.9)
Loss before income taxes .....	(98.5)	(162.8)	(206.1)	(515.4)
Income tax benefit (note 9).....	30.7	49.7	49.5	122.7
Net loss.....	€ (67.8)	€ (113.1)	€ (156.6)	€ (392.7)

(a) As retrospectively revised – see note 1.

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

**VODAFONEZIGGO GROUP B.V.**  
**CONDENSED CONSOLIDATED STATEMENT OF OWNER'S EQUITY**  
**(unaudited)**  
**(in millions)**

**Successor:**

Total owner's equity at January 1, 2017.....	€	5,939.1
Net loss.....		(113.1)
Distributions to VodafoneZiggo Group Holding (note 10).....		(442.0)
Share-based compensation (note 10).....		5.1
Total owner's equity at September 30, 2017.....	€	<u>5,389.1</u>

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

**VODAFONEZIGGO GROUP B.V.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(unaudited)  
(in millions)

	<b>Successor</b>	<b>Predecessor</b>
	<b>Nine months ended September 30, 2017</b>	<b>Nine months ended September 30, 2016 (a)</b>
Cash flows from operating activities:		
Net loss.....	€ (113.1)	€ (392.7)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Share-based compensation expense.....	5.1	6.4
Related-party fees and allocations.....	—	164.1
Depreciation and amortization.....	1,117.0	686.8
Impairment, restructuring and other operating items, net.....	0.5	7.1
Non-cash related-party interest expense.....	—	123.4
Amortization of debt premiums, deferred financing costs and other non-cash interest.....	(8.6)	2.1
Realized and unrealized losses on derivative instruments, net.....	525.3	332.7
Foreign currency transaction gains, net.....	(581.3)	(81.2)
Losses (gains) on debt modification and extinguishment of debt, net.....	(15.2)	14.3
Deferred income tax benefits.....	(49.7)	(122.7)
Changes in operating assets and liabilities.....	11.2	(91.0)
Net cash provided by operating activities.....	<u>891.2</u>	<u>649.3</u>
Cash flows from investing activities:		
Capital expenditures.....	(358.6)	(241.3)
Other investing activities, net.....	3.6	(8.2)
Net cash used by investing activities.....	<u>€ (355.0)</u>	<u>€ (249.5)</u>

(a) As retrospectively revised – see note 1.

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

**VODAFONEZIGGO GROUP B.V.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)**

(unaudited)  
(in millions)

	<b>Successor</b>	<b>Predecessor</b>
	<b>Nine months ended September 30, 2017</b>	<b>Nine months ended September 30, 2016 (a)</b>
Cash flows from financing activities:		
Distributions to VodafoneZiggo Group Holding .....	€ (3,286.0)	€ —
Change in restricted cash .....	2,995.2	—
Borrowings of third-party debt .....	889.5	327.1
Repayments of third-party debt .....	(774.8)	(368.7)
Net cash paid related to derivative instruments .....	(158.8)	—
Collection of VAT receivable .....	152.0	—
Payment of financing costs .....	(21.4)	(16.3)
Related-party payments, net .....	(1.3)	(352.2)
Other financing activities, net .....	(2.3)	(2.7)
Net cash used by financing activities .....	<u>(207.9)</u>	<u>(412.8)</u>
Effect of exchange rate changes on cash .....	3.6	0.7
Net increase (decrease) in cash .....	331.9	(12.3)
Cash:		
Beginning of period .....	59.9	12.8
End of period .....	<u>€ 391.8</u>	<u>€ 0.5</u>
Cash paid for third-party interest .....	<u>€ 378.5</u>	<u>€ 268.2</u>
Cash paid for related-party interest .....	<u>€ 84.2</u>	<u>€ 0.3</u>
Cash refunded for taxes .....	<u>€ —</u>	<u>€ (2.8)</u>

(a) As retrospectively revised – see note 1.

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



**VODAFONEZIGGO GROUP B.V.**  
**Notes to Condensed Consolidated Financial Statements**  
**September 30, 2017**  
**(unaudited)**

**(1) Basis of Presentation**

VodafoneZiggo Group B.V. (**VodafoneZiggo**) provides video, broadband internet, fixed-line telephony and mobile services to residential and business customers in the Netherlands. The primary subsidiaries of VodafoneZiggo include (i) Ziggo Holding B.V. (**Ziggo**) and its subsidiaries, including Ziggo Services B.V. and (ii) Vodafone Nederland Holding I B.V. and its subsidiaries, which include Vodafone NL (as defined below). In these notes, the terms “we,” “our,” “our company” and “us” may refer, as the context requires, to VodafoneZiggo (or its predecessor, herein referred to as “**Old Ziggo**”) or, collectively, to VodafoneZiggo (or its predecessor) and its subsidiaries after giving effect to the JV Transaction (as defined in note 3) and the common control transfer, as further described below.

Prior to the closing of the JV Transaction, VodafoneZiggo was a wholly-owned subsidiary of Liberty Global plc (**Liberty Global**). On December 31, 2016, and upon closing the JV Transaction, VodafoneZiggo became a wholly-owned subsidiary of VodafoneZiggo Group Holding B.V. (**VodafoneZiggo Group Holding**). VodafoneZiggo Group Holding is a 50:50 joint venture (the **VodafoneZiggo JV**) between Vodafone Group Plc (**Vodafone**) and Liberty Global. In connection with the closing of the JV Transaction, Vodafone Libertel B.V. (**Vodafone NL**) became an indirect wholly-owned subsidiary of VodafoneZiggo. Prior to the closing of the JV Transaction, Vodafone NL and its subsidiaries operated Vodafone’s mobile business in the Netherlands.

As a result of closing of the JV Transaction and the formation of the VodafoneZiggo JV, we have a new basis of accounting effective December 31, 2016. In our condensed consolidated financial statements (i) the results of operations for the three and nine months ended September 30, 2016 and cash flows for the nine months ended September 30, 2016, prior to the close of the JV Transaction, are labeled “**Predecessor**” and reflect the historical accounting basis in the assets and liabilities of Old Ziggo, and (ii) the condensed consolidated balance sheets as of September 30, 2017 and December 31, 2016, the results of operations for the three and nine months ended September 30, 2017, and owner’s equity and cash flows for the nine months ended September 30, 2017, following the close of the JV Transaction, are labeled “**Successor**” and reflect the push down of the VodafoneZiggo JV’s basis of accounting in the new fair values of the assets and liabilities of the “VodafoneZiggo JV contributed businesses,” as defined and described in note 3. Our condensed consolidated financial statements and footnotes include a black line division, which appears between the columns titled Predecessor and Successor, that signifies that the amounts shown for the periods prior to and following the JV Transaction are not comparable.

In October 2016, we acquired 100% of the equity of Liberty Global Content Netherlands B.V. (**Ziggo Sport**) in exchange for shares of Old Ziggo (the **Ziggo Sport Transfer**). We have reflected the Ziggo Sport Transfer at carryover basis, as Ziggo Sport and Old Ziggo were under the common control of Liberty Global. Accordingly, our condensed consolidated statements of operations for the three and nine months ended September 30, 2016, and cash flows for the nine months ended September 30, 2016, have been retrospectively revised to give effect to the Ziggo Sport Transfer.

Our functional currency is the euro (€). Unless otherwise indicated, convenience translations into the euro are calculated as of September 30, 2017.

Certain prior period amounts have been reclassified to conform to the current period presentation.

These unaudited condensed consolidated financial statements reflect our consideration of the accounting and disclosure implications of subsequent events through November 21, 2017, the date of issuance.

**(2) Accounting Changes and Recent Accounting Pronouncements**

***Accounting Changes***

In September 2015, the Financial Accounting Standards Board (**FASB**) issued Accounting Standards Update (**ASU**) No. 2015-16, *Business Combinations*, which requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. We adopted this ASU effective January 1, 2017.

**VODAFONEZIGGO GROUP B.V.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**September 30, 2017**  
**(unaudited)**

In January 2017, the FASB issued ASU No. 2017-04, *Simplifying the Test for Goodwill Impairment (ASU 2017-04)*, which eliminates the requirement to estimate the implied fair value of a reporting unit's goodwill as determined following the procedure that would be required in determining the fair value of assets acquired and liabilities assumed in a business combination. Instead, a company should recognize any goodwill impairment by comparing the fair value of a reporting unit to its carrying amount. We early-adopted ASU 2017-04 effective January 1, 2017. The adoption of ASU 2017-04 reduces the complexity surrounding the evaluation of our goodwill for impairment.

***Recent Accounting Pronouncements***

*ASU 2014-09*

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (ASU 2014-09)*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09, as amended by ASU No. 2015-14, will replace existing revenue recognition guidance when it becomes effective for annual reporting periods beginning after December 15, 2018. This new standard permits the use of either the retrospective or cumulative effect transition method. We will adopt ASU 2014-09 effective January 1, 2018 using the cumulative effect transition method. While we are continuing to evaluate the effect that ASU 2014-09 will have on our consolidated financial statements, we have identified a number of our current revenue recognition policies that will be impacted by ASU 2014-09, including the accounting for (i) time-limited discounts and free service periods provided to our customers, (ii) certain upfront fees charged to our customers and (iii) subsidized handset plans. Although we continue to evaluate the impacts of adopting ASU 2014-09, our current views are as follows:

- When we enter into contracts to provide services to our customers, we often provide time-limited discounts or free service periods. Under current accounting standards, we recognize revenue net of discounts during the promotional periods and do not recognize any revenue during free service periods. Under ASU 2014-09, revenue recognition will be accelerated for these contracts, as the impact of the discount or free service period will be recognized uniformly over the total contractual period.
- When we enter into contracts to provide services to our customers, we often charge installation or other upfront fees. Under current accounting standards, installation fees related to services provided over our cable networks are recognized as revenue during the period in which the installation occurs to the extent these fees are equal to or less than direct selling costs. Under ASU 2014-09, these fees will generally be deferred and recognized as revenue over the contractual period, or longer if the upfront fee results in a material renewal right.
- ASU 2014-09 will require the identification of deliverables in contracts with customers that qualify as performance obligations. The transaction price receivable from customers will be allocated between our performance obligations under contracts on a relative stand-alone selling price basis. Currently, we offer handsets under a subsidized contract model, whereby upfront revenue recognition is limited to the upfront cash collected from the customer, as the remaining monthly fees to be received from the customer, including fees that may be associated with the handset, are contingent upon delivering future airtime. This limitation will no longer be applied under ASU 2014-09. The primary impact on revenue reporting will be that when we sell subsidized handsets together with airtime services to customers, revenue allocated to handsets and recognized when control of the device passes to the customer will increase and revenue recognized as services are delivered will reduce.
- ASU 2014-09 will require costs incurred to fulfill a customer contract involving the sale of an asset to be recognized only when those costs (i) relate directly to a contract or to an anticipated contract that can be specifically identified, (ii) generate or enhance resources that will be used in satisfying performance obligations in the future and (iii) are expected to be recovered. Currently, we recognize costs related to mobile handset sales as incurred and we do not expect the adoption of ASU 2014-09 to have a material impact on our recognition of these costs.

ASU 2014-09 will also impact our accounting for certain upfront costs directly associated with obtaining and fulfilling customer contracts. Under our current policy, these costs are expensed as incurred unless the costs are in the scope of another accounting topic that allows for capitalization. Under ASU 2014-09, the upfront costs associated with contracts that have substantive termination penalties and a term of one year or more will be recognized as assets and amortized to other operating expenses over the applicable period benefited. The impact of the accounting change for these costs will be dependent on numerous factors, including the number

**VODAFONEZIGGO GROUP B.V.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**September 30, 2017**  
**(unaudited)**

of new subscriber contracts added in any given period and the amount of upfront costs directly associated with obtaining and fulfilling customer contracts, but we expect the adoption of this accounting change will initially result in the deferral of a significant amount of operating and selling costs.

The ultimate impact of adopting ASU 2014-09 for both revenue recognition and costs to obtain and fulfill contracts will depend on the promotions and offers in place during the period leading up to and after the adoption of ASU 2014-09.

*ASU 2016-02*

In February 2016, the FASB issued ASU No. 2016-02, *Leases (ASU 2016-02)*, which, for most leases, will result in lessees recognizing lease assets and lease liabilities on the balance sheet with additional disclosures about leasing arrangements. ASU 2016-02 requires lessees and lessors to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach also includes a number of optional practical expedients an entity may elect to apply. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2019, with early adoption permitted. We will adopt ASU 2016-02 on January 1, 2019. Although we are currently evaluating the effect that ASU 2016-02 will have on our consolidated financial statements, the main impact of the adoption of this standard will be the recognition of lease assets and lease liabilities in our consolidated balance sheets for those leases classified as operating leases under previous accounting principles generally accepted in the United States (**U.S. GAAP**). ASU 2016-02 will not have significant impacts on our consolidated statements of operations or cash flows.

**(3) JV Transaction**

*Overview*

On February 15, 2016, Liberty Global Europe Holding B.V. (**Liberty Global Europe**), a corporation organized under the laws of the Netherlands and a wholly-owned subsidiary of Liberty Global, and Vodafone International Holdings B.V., a corporation organized under the laws of the Netherlands and a wholly-owned subsidiary of Vodafone, agreed to form the VodafoneZiggo JV pursuant to a Contribution and Transfer Agreement (the **Contribution Agreement**). On December 31, 2016, the formation of the VodafoneZiggo JV was completed (the **JV Transaction**), pursuant to which (i) VodafoneZiggo Group Holding became 50% owned by each of Liberty Global and Vodafone, (ii) VodafoneZiggo and its subsidiaries were contributed into the VodafoneZiggo JV and became wholly-owned by VodafoneZiggo Group Holding and (iii) Vodafone NL and its subsidiaries were contributed into the VodafoneZiggo JV and became wholly-owned by VodafoneZiggo.

In connection with the closing of the JV Transaction, the VodafoneZiggo JV recorded the assets and liabilities of VodafoneZiggo and Vodafone NL (the “**VodafoneZiggo JV contributed businesses**”) at fair value. Such fair values have been reflected in our condensed consolidated financial statements following the “push down method of accounting” from the VodafoneZiggo JV. Accordingly, we have a new basis of accounting effective December 31, 2016 that reflects (i) the fair value of the Predecessor assets and liabilities and (ii) the fair value of the assets and liabilities of Vodafone NL. For information regarding certain fair value measurements used in the nonrecurring valuations of our assets and liabilities resulting from closing of the JV Transaction, see note 6.

In our condensed consolidated financial statements (i) the results of operations for the three and nine months ended September 30, 2016 and cash flows for the nine months ended September 30, 2016, prior to the close of the JV Transaction, are labeled Predecessor and reflect the historical accounting basis in the assets and liabilities of Old Ziggo, and (ii) the condensed consolidated balance sheets as of September 30, 2017 and December 31, 2016, the results of operations for the three and nine months ended September 30, 2017, and owner’s equity and cash flows for the nine months ended September 30, 2017, following the close of the JV Transaction, are labeled Successor and reflect the push down of the VodafoneZiggo JV’s basis of accounting in the fair values of the assets and liabilities of the VodafoneZiggo JV contributed businesses. Our condensed consolidated financial statements and footnotes include a black line division, which appears between the columns titled Predecessor and Successor that signifies that the amounts shown for the periods prior to and following the JV Transaction are not comparable.

**VODAFONEZIGGO GROUP B.V.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**September 30, 2017**  
**(unaudited)**

Our condensed consolidated balance sheet at December 31, 2016 reflects our initial opening balance sheet resulting from our new basis of accounting. Subsequent to December 31, 2016, we made certain adjustments to our initial opening balance sheet based upon updated assessments of the fair values of certain identifiable assets and liabilities of the VodafoneZiggo JV contributed businesses. These adjustments primarily relate to property and equipment, intangible assets and deferred income taxes. Although most items in the valuation process remain open, the items with the highest likelihood to change upon finalization of the valuation process include property and equipment, goodwill, customer relationships and income taxes. A summary of our current preliminary opening balance sheet at the December 31, 2016 closing date is presented in the following table (in millions):

Cash .....	€	59.9
Restricted cash .....		2,979.4
Other current assets .....		544.4
Property and equipment, net .....		5,472.5
Goodwill (a) .....		7,355.7
Intangible assets subject to amortization, net (b) .....		7,769.7
Other assets, net .....		315.9
Current portion of debt and capital lease obligations .....		(476.9)
Other accrued and current liabilities .....		(4,069.2)
Long-term debt and capital lease obligations .....		(12,189.5)
Other long-term liabilities .....		(1,822.8)
Successor equity balance at December 31, 2016 after closing the JV Transaction .....	€	<u>5,939.1</u>

- (a) The goodwill represents the equity of the VodafoneZiggo JV contributed businesses in excess of the fair value of our net identifiable assets and liabilities. The goodwill recognized in connection with the formation of the VodafoneZiggo JV is primarily attributable to (i) the formation of a leading national enterprise business through the combination of Vodafone NL's extensive business-to-business (**B2B**) expertise, product portfolio and distribution footprint with Old Ziggo's growing B2B operation and its high-capacity nationwide cable network and (ii) synergies that are expected to be achieved through the integration of Vodafone NL and Old Ziggo.
- (b) Amount includes intangible assets related to our customer relationships, spectrum licenses that are associated with the mobile operations of Vodafone NL, and the Ziggo trade name. At December 31, 2016, the preliminary assessment of the weighted average useful lives of VodafoneZiggo's intangible assets was approximately 15 years.

The following table sets forth selected financial information related to the assets, liabilities and equity of the VodafoneZiggo JV contributed businesses as of December 31, 2016 (in millions):

Enterprise value (a) .....	€	18,750.0
Fair value: (b)		
Net debt:		
Third-party debt .....		(10,663.8)
Related-party debt .....		(2,000.0)
Related-party distribution payable .....		(2,844.0)
Cash and restricted cash .....		3,039.3
Other assets and liabilities (c) .....		(342.4)
Successor equity balance at December 31, 2016 after closing of the JV Transaction (d) .....	€	<u>5,939.1</u>

**VODAFONEZIGGO GROUP B.V.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**September 30, 2017**  
**(unaudited)**

- (a) Represents the estimated enterprise value as of December 31, 2016 of the VodafoneZiggo JV contributed businesses, as further described above. For additional information regarding certain fair value inputs used in the enterprise valuation, see note 6.
- (b) The amounts represent estimated fair values as of December 31, 2016 and are subject to adjustment based on our final fair value assessments.
- (c) Represents the fair value of other assets and liabilities at December 31, 2016, primarily derivative assets and liabilities and accrued interest.
- (d) Represents our December 31, 2016 owner's equity balance after closing the JV Transaction and giving effect to our new basis of accounting, as further described above.

*Shareholders Agreement*

In connection with the JV Transaction, on December 31, 2016, Liberty Global and Vodafone entered into a shareholders agreement (the **Shareholders Agreement**) with VodafoneZiggo Group Holding with respect to the VodafoneZiggo JV. Each of Liberty Global and Vodafone (each a "**Shareholder**") holds 50% of the issued share capital of VodafoneZiggo Group Holding. The Shareholders Agreement contains customary provisions for the governance of a 50:50 joint venture that result in Liberty Global and Vodafone having joint control over decision making with respect to the VodafoneZiggo JV.

The Shareholders Agreement also provides (i) for a dividend policy that requires the VodafoneZiggo JV to distribute all unrestricted cash to the Shareholders as soon as reasonably practicable following each two month period (subject to the VodafoneZiggo JV maintaining a minimum amount of cash and complying with the terms of financing arrangements of its subsidiaries) and (ii) that the VodafoneZiggo JV will be managed with a total net leverage ratio between 4.5 and 5.0 times the "EBITDA" metric, as specified and calculated pursuant to existing financing arrangements of its subsidiaries (**Covenant EBITDA**) with the VodafoneZiggo JV undertaking periodic recapitalizations and/or refinancings accordingly.

Each Shareholder has the right to initiate an initial public offering (**IPO**) of the VodafoneZiggo JV after the third anniversary of the closing, with the opportunity for the other Shareholder to sell shares in the IPO on a pro rata basis. Subject to certain exceptions, the Shareholders Agreement prohibits transfers of interests in the VodafoneZiggo JV to third parties until the fourth anniversary of the closing. After the fourth anniversary, each Shareholder will be able to initiate a sale of all of its interest in the VodafoneZiggo JV to a third party and, under certain circumstances, initiate a sale of the entire VodafoneZiggo JV; subject, in each case, to a right of first offer in favor of the other Shareholder.

*Unaudited Pro Forma Information*

The following unaudited pro forma condensed consolidated operating results give effect to the formation of the VodafoneZiggo JV as if it had been completed as of January 1, 2015. These pro forma amounts are not necessarily indicative of the operating results that would have occurred if this transaction had occurred on such date. The pro forma adjustments are based on certain assumptions that we believe are reasonable.

	<b>Three months ended September 30, 2016</b>	<b>Nine months ended September 30, 2016</b>
	<b>in millions</b>	
Revenue .....	€ 1,054.2	€ 3,129.0
Net loss .....	€ (179.4)	€ (318.8)

Our condensed consolidated statements of operations for the 2016 periods do not include revenue and or net loss attributable to Vodafone NL, as it did not become a wholly-owned subsidiary until December 31, 2016.

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**(4) Common Control Transfer**

As further described in note 1, we have accounted for the Ziggo Sport Transfer as a transaction between entities under common control. Accordingly, we have reflected the Ziggo Sport Transfer at carryover basis and our condensed consolidated statements of operations for the three and nine months ended September 30, 2016 and our condensed consolidated statement of cash flows for the nine months ended September 30, 2016 have been retrospectively revised to give effect to this transfer.

The following table sets forth the retrospective effects of the Ziggo Sport Transfer on the selected condensed consolidated statements of operations data of Old Ziggo:

	For the three months ended September 30, 2016			For the nine months ended September 30, 2016		
	As previously reported (a)	Common control adjustments (b)	As retrospectively revised	As previously reported (a)	Common control adjustments (b)	As retrospectively revised
	in millions					
Revenue .....	€ 611.0	€ 4.1	€ 615.1	€ 1,819.1	€ 9.8	€ 1,828.9
Programming and other direct costs of services.....	€ 116.2	€ 2.8	€ 119.0	€ 345.1	€ 6.6	€ 351.7
Other operating.....	€ 79.8	€ 0.1	€ 79.9	€ 238.9	€ 0.3	€ 239.2
SG&A expenses.....	€ 80.3	€ 1.9	€ 82.2	€ 248.9	€ 3.6	€ 252.5
Depreciation and amortization.....	€ 230.6	€ (0.1)	€ 230.5	€ 686.7	€ 0.1	€ 686.8
Non-operating expense, net.....	€ (250.8)	€ (0.1)	€ (250.9)	€ (642.3)	€ (0.6)	€ (642.9)
Income tax benefits .....	€ 49.5	€ —	€ 49.5	€ 122.7	€ —	€ 122.7
Net loss.....	€ (155.6)	€ (1.0)	€ (156.6)	€ (390.5)	€ (2.2)	€ (392.7)

(a) Amounts represent selected condensed consolidated statements of operations data of Old Ziggo, as previously reported.

(b) Amounts represent selected results of operations data for Ziggo Sport.

**(5) Derivative Instruments**

In general, we seek to enter into derivative instruments to protect against (i) increases in the interest rates on our variable-rate debt and (ii) foreign currency movements with respect to borrowings that are denominated in a currency other than our functional currency. In this regard, we have entered into various derivative instruments to manage interest rate exposure and foreign currency exposure with respect to the United States (U.S.) dollar.

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

	Successor					
	September 30, 2017			December 31, 2016		
	Current	Long-term (a)	Total	Current	Long-term (a)	Total
	in millions					
<b>Assets:</b>						
Cross-currency and interest rate derivative contracts (b).....	€ 41.3	€ 35.9	€ 77.2	€ 20.2	€ 272.8	€ 293.0
Foreign currency forward contracts .....	—	—	—	0.2	0.2	0.4
<b>Total.....</b>	<b>€ 41.3</b>	<b>€ 35.9</b>	<b>€ 77.2</b>	<b>€ 20.4</b>	<b>€ 273.0</b>	<b>€ 293.4</b>
<b>Liabilities:</b>						
Cross-currency and interest rate derivative contracts (b).....	€ 85.7	€ 512.7	€ 598.4	€ 189.2	€ 256.8	€ 446.0
Foreign currency forward contracts .....	0.3	0.1	0.4	—	—	—
<b>Total.....</b>	<b>€ 86.0</b>	<b>€ 512.8</b>	<b>€ 598.8</b>	<b>€ 189.2</b>	<b>€ 256.8</b>	<b>€ 446.0</b>

- (a) Our long-term derivative assets and liabilities are included in other assets, net, and other long-term liabilities, respectively, in our condensed consolidated balance sheets.
- (b) We consider credit risk relating to our and our counterparties' nonperformance in the fair value assessment of our derivative instruments. In all cases, the adjustments take into account offsetting liability or asset positions. The changes in the credit risk valuation adjustments associated with our cross-currency and interest rate derivative contracts resulted in net gains of €6.5 million and €52.0 million during the three months ended September 30, 2017 and 2016, respectively, and net gains of €73.4 million and €58.9 million during the nine months ended September 30, 2017 and 2016, respectively. These amounts are included in realized and unrealized losses on derivative instruments, net, in our condensed consolidated statements of operations. For further information regarding our fair value measurements, see note 6.

The details of our realized and unrealized losses on derivative instruments, net, are as follows (in millions):

	Successor		Predecessor	
	Three months ended September 30, 2017	Nine months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2016
Cross-currency and interest rate derivative contracts .....	€ (203.4)	€ (524.0)	€ (146.4)	€ (332.7)
Foreign currency forward contracts ...	(0.3)	(1.3)	—	—
<b>Total.....</b>	<b>€ (203.7)</b>	<b>€ (525.3)</b>	<b>€ (146.4)</b>	<b>€ (332.7)</b>

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

	<b>Successor</b>	<b>Predecessor</b>
	<b>Nine months ended September 30, 2017</b>	<b>Nine months ended September 30, 2016</b>
Operating activities .....	€ 2.5	€ (52.5)
Financing activities .....	(158.8)	—
Total.....	<u>€ (156.3)</u>	<u>€ (52.5)</u>

***Counterparty Credit Risk***

We are exposed to the risk that the counterparties to our derivative instruments will default on their obligations to us. We manage these credit risks through the evaluation and monitoring of the creditworthiness of and concentration of risk with the respective counterparties. In this regard, credit risk associated with our derivative instruments is spread across a relatively broad counterparty base of banks and financial institutions. Collateral is generally not posted by either party under our derivative instruments. At September 30, 2017, our exposure to counterparty credit risk included derivative assets with an aggregate fair value of nil.

**Details of our Derivative Instruments**

***Cross-currency and Interest Rate Derivative Contracts***

*Cross-currency Swaps*

As noted above, we are exposed to foreign currency exchange rate risk in situations where our debt is denominated in a currency other than our functional currency. Although we generally seek to match the denomination of our and our subsidiaries' borrowings with our functional currency, market conditions or other factors may cause us to enter into borrowing arrangements that are not denominated in our functional currency (unmatched debt). Our policy is generally to provide for an economic hedge against foreign currency exchange rate movements by using derivative instruments to synthetically convert unmatched debt into the applicable underlying currency. At September 30, 2017, substantially all of our debt was either directly or synthetically matched to our functional currency. The following table sets forth the total notional amounts and the related weighted average remaining contractual life of our cross-currency swap contracts at September 30, 2017:

	<b>Notional amount due from counterparty</b>		<b>Notional amount due to counterparty</b>		<b>Weighted average remaining contractual life</b>
	<b>in millions</b>				<b>in years</b>
\$	7,550.0	(a)	€	6,449.7	7.3

- (a) Includes certain derivative instruments that do not involve the exchange of notional amounts at the inception and maturity of the instruments. Accordingly, the only cash flows associated with these derivative instruments are interest-related payments and receipts. At September 30, 2017, the total euro equivalent of the notional amounts of these derivative instruments was €1,694.5 million.



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*Interest Rate Derivative Contracts*

As noted above, we enter into interest rate swaps to protect against increases in the interest rates on our variable-rate debt. Pursuant to these derivative instruments, we typically pay fixed interest rates and receive variable interest rates on specified notional amounts. At September 30, 2017, the notional amounts due from counterparties was €2,692.4 million and the related weighted average remaining contractual life of our interest rate swap contracts was 7.5 years.

***Basis Swaps***

Our basis swaps involve the exchange of attributes used to calculate our floating interest rates, including (i) the benchmark rate, (ii) the underlying currency and/or (iii) the borrowing period. We typically enter into these swaps to optimize our interest rate profile based on our current evaluations of yield curves, our risk management policies and other factors. At September 30, 2017, the euro equivalent of the notional amount due from the counterparty was €2,139.3 million and the related weighted average remaining contractual life of our interest basis swap contracts was 0.2 years.

***Impact of Derivative Instruments on Borrowing Costs***

The impact of the derivative instruments that mitigate our foreign currency and interest rate risk, as described above, was an increase of 6 basis points to our borrowing costs as of September 30, 2017.

***Foreign Currency Forwards***

We enter into foreign currency forward contracts with respect to non-functional currency exposure. At September 30, 2017, the euro equivalent of the notional amount of our foreign currency forward contracts was €6.3 million.

**(6) Fair Value Measurements**

We use the fair value method to account for our derivative instruments. The reported fair values of these derivative instruments as of September 30, 2017 likely will not represent the value that will be paid or received upon the ultimate settlement or disposition of these assets and liabilities. We expect that the values realized generally will be based on market conditions at the time of settlement, which may occur at the maturity of the derivative instrument or at the time of the repayment or refinancing of the underlying debt instrument.

U.S. GAAP provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

We 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. Effective January 1, 2017, we incorporated a Monte Carlo based approach into our calculation of the value assigned to the risk that we or our counterparties will default on our respective derivative obligations. Previously, we used a static calculation derived from our most current mark-to-market valuation to calculate the impact of counterparty credit risk. The adoption of a Monte Carlo based approach did not have a material impact on the overall fair value of our derivative instruments. Our credit risk valuation adjustments with respect to our cross-currency and interest rate swaps are quantified and further explained in note 5.

Fair value measurements are also used in connection with nonrecurring valuations performed in connection with impairment assessments, acquisition accounting and fair value assessments in connection with the closing of the JV Transaction. These nonrecurring valuations include the enterprise value of our company in connection with the closing of the JV Transaction, intangible assets and property and equipment. All of our nonrecurring valuations, except for third-party debt, as further described below, use significant unobservable inputs and therefore fall under Level 3 of the fair value hierarchy. Upon formation of the VodafoneZiggo JV, the assets and liabilities of Old Ziggo and Vodafone NL as of December 31, 2016 were recorded at fair value, as further described in note 3. The following list sets forth the primary nonrecurring valuations performed related to certain of our assets and liabilities upon closing of the JV Transaction on December 31, 2016:

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- *Enterprise value.* The valuation of our company (our only reporting unit) is based on discounted cash flow and market approach 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 market approach is performed using comparable trading entity enterprise values, EBITDA multiples and transaction multiples from comparable telecom transactions. We used a discount rate of 7.0% in connection with the enterprise value of our company.
- *Customer relationships.* 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 relationship, contributory asset charges and other factors. We used a discount rate of 6.0% in connection with the valuation of our customer relationships.
- *Mobile spectrum licenses.* The valuation of our mobile spectrum licenses is primarily based upon a market approach, which assumes the prices companies would pay for similar assets in market transactions.
- *Trade name.* The valuation of our trade name is primarily based on a relief-from-royalty methodology, which is a form of a discounted cash flow analysis. We used a discount rate of 7.0% in connection with the valuation of our trade name.
- *Tangible assets.* The valuation of our tangible assets is 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.
- *Third-party debt.* 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).

With the exception of updated valuations performed in connection with the formation accounting of the VodafoneZiggo JV, we did not perform significant nonrecurring fair value measurements during the nine months ended September 30, 2017.

For additional information concerning our fair value measurements, see note 9 to the consolidated financial statements included in our 2016 annual report.

**(7) Long-lived Assets**

***Property and Equipment, Net***

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

	<b>Successor</b>	
	<b>September 30, 2017</b>	<b>December 31, 2016</b>
<b>in millions</b>		
Distribution systems .....	€ 4,638.1	€ 4,368.4
Customer premises equipment .....	518.4	318.7
Support equipment, buildings and land .....	889.5	775.8
	<u>6,046.0</u>	<u>5,462.9</u>
Accumulated depreciation .....	(642.8)	—
Total property and equipment, net .....	<u>€ 5,403.2</u>	<u>€ 5,462.9</u>

During the nine months ended September 30, 2017 and 2016, we recorded non-cash increases to our property and equipment related to vendor financing arrangements of €234.9 million and €141.5 million, respectively, which exclude related VAT of €9.2 million and €17.0 million, respectively, that was also financed by our vendors under these arrangements.

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***Goodwill***

The change in the carrying amount of our goodwill during the nine months ended September 30, 2017 is set forth below (in millions):

Balance at January 1, 2017.....	€	7,310.4
Acquisition-related adjustments.....		46.9
Balance at September 30, 2017.....	€	<u>7,357.3</u>

Our mobile and fixed-line operations are experiencing significant competition. In particular, our mobile operations continue to experience pressure on pricing, characterized by aggressive promotion campaigns, heavy marketing spend and increasing or unlimited data bundles. If the adverse impacts of economic, competitive, regulatory or other factors were to cause significant deterioration of our results of operations or cash flows, we could conclude in future periods that an impairment to goodwill and, to a lesser extent, long-lived assets, is required. Any such impairment of goodwill or long-lived assets could be significant.

***Intangible Assets Subject to Amortization, Net***

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

	<u>September 30, 2017</u>			<u>December 31, 2016</u>		
	<u>Gross carrying amount</u>	<u>Accumulated amortization</u>	<u>Net carrying amount</u>	<u>Gross carrying amount</u>	<u>Accumulated amortization</u>	<u>Net carrying amount</u>
	in millions					
Customer relationships.....	€ 6,440.0	€ (390.3)	€ 6,049.7	€ 6,550.0	€ —	€ 6,550.0
Licenses.....	1,083.3	(69.3)	1,014.0	1,059.7	—	1,059.7
Trade name.....	270.0	(8.1)	261.9	270.0	—	270.0
Total.....	<u>€ 7,793.3</u>	<u>€ (467.7)</u>	<u>€ 7,325.6</u>	<u>€ 7,879.7</u>	<u>€ —</u>	<u>€ 7,879.7</u>

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**(8) Debt and Capital Lease Obligations**

The euro equivalents of the components of our third-party debt are as follows:

	September 30, 2017		Estimated fair value (c)		Principal amount	
	Weighted average interest rate (a)	Unused borrowing capacity (b)	Successor		September 30, 2017	December 31, 2016
			September 30, 2017	December 31, 2016		
			in millions			
SPE Notes .....	4.99%	€ —	€ 4,722.2	€ 4,802.6	€ 4,537.9	€ 4,843.2
Credit Facilities .....	3.36%	800.0	4,405.8	4,664.3	4,389.3	4,632.8
Senior and Senior Secured Notes.....	6.82%	—	914.0	921.6	814.8	814.8
Vendor financing (d).....	2.04%	—	625.5	275.3	625.5	275.3
Total principal amount of third-party debt before premiums, discounts and deferred financing costs.....	4.26%	€ 800.0	€ 10,667.5	€ 10,663.8	€ 10,367.5	€ 10,566.1

The following table provides a reconciliation of total third-party debt before premiums, discounts and deferred financing costs to total debt and capital lease obligations:

	Successor	
	September 30, 2017	December 31, 2016
	in millions	
Total principal amount of third-party debt before premiums, discounts and deferred financing costs .....	€ 10,367.5	€ 10,566.1
Premiums, net of discounts .....	73.4	100.6
Deferred financing costs .....	(9.7)	(2.9)
Total carrying amount of third-party debt .....	10,431.2	10,663.8
Related-party debt and capital lease obligations (note 10) .....	2,001.2	2,002.6
Total debt and capital lease obligations .....	12,432.4	12,666.4
Current maturities of debt and capital lease obligations .....	(826.5)	(476.9)
Long-term debt and capital lease obligations.....	€ 11,605.9	€ 12,189.5

(a) Represents the weighted average interest rate in effect at September 30, 2017 for all borrowings outstanding pursuant to each debt instrument, including any applicable margin. The interest rates presented represent stated rates and do not include the impact of derivative instruments, deferred financing costs, original issue premiums or discounts and commitment fees, all of which affect our overall cost of borrowing. Including the effects of derivative instruments, original issue premiums or discounts and commitment fees, but excluding the impact of financing costs, our weighted average interest rate on our aggregate third-party variable- and fixed-rate indebtedness was 4.5% at September 30, 2017. For information regarding our derivative instruments, see note 5.

(b) Unused borrowing capacity represents the maximum availability under the Credit Facilities at September 30, 2017 without regard to covenant compliance calculations or other conditions precedent to borrowing. At September 30, 2017, based on the applicable leverage-based restricted payment tests and leverage covenants, the full €800.0 million of unused borrowing capacity was available to be borrowed. When the relevant September 30, 2017 compliance reporting requirements have been completed, and assuming no changes from September 30, 2017 borrowing levels, we anticipate that the full amount of unused borrowing capacity will continue to be available. In addition, the debt instruments of the borrowers of the Credit

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Facilities contain restricted payment tests that limit the amount that can be loaned or distributed to other VodafoneZiggo subsidiaries and ultimately to VodafoneZiggo. At September 30, 2017, the availability to be loaned or distributed by the borrowers of the Credit Facilities was limited to €488.9 million. When the relevant September 30, 2017 compliance reporting requirements have been completed, and assuming no changes from the September 30, 2017 borrowing levels, we anticipate that the full amount of the unused borrowing capacity will be available to be loaned or distributed by the borrowers of the Credit Facilities.

- (c) The estimated fair values of our debt instruments are determined using the average of applicable bid and ask prices (mostly Level 1 of the fair value hierarchy). For additional information regarding fair value hierarchies, see note 6.
- (d) Represents amounts owed pursuant to interest-bearing vendor financing arrangements that are used to finance certain of our property and equipment additions and operating expenses. These obligations are generally due within one year and include VAT that was paid on our behalf by the vendor. Repayments of vendor financing obligations are included in repayments of third-party debt in our condensed consolidated statements of cash flows.

### ***Refinancing Transactions***

We have completed various refinancing transactions during the first nine months of 2017. Unless otherwise noted, the terms and conditions of the notes and credit facilities entered into are largely consistent with those of our existing notes and credit facilities with regard to covenants, events of default and change of control provisions, among other items. For information concerning the general terms and conditions of our debt, see note 11 to the consolidated financial statements included in our 2016 annual report.

#### *2017 Transactions*

During the first quarter of 2017, we entered into a new \$2,525.0 million (€2,394.0 million at the transaction date) term loan facility (**Facility E**) and a new €2,250.0 million term loan facility (**Facility F**). We completed the issuance of Facility F and €1,947.1 million (equivalent at the transaction date) of Facility E on a non-cash basis. Facility E was issued at 99.75% of par and Facility F was issued at par and both mature in April 2025. Facility E bears interest at a rate of LIBOR + 2.50% and is subject to a LIBOR floor of 0.0% and Facility F bears interest at a rate of EURIBOR + 3.00% and is subject to a EURIBOR floor of 0.0%. The net proceeds from Facilities E and F, in conjunction with existing cash, were used to repay in full the outstanding principal amounts under the Dollar Facility, Facility C and Facility D. In connection with these transactions, we recognized a gain on debt modification and extinguishment, net, of €15.2 million. This gain includes the net effect of (i) the write-off of €21.6 million of unamortized premiums and (ii) €6.4 million of financing costs.

#### *2016 Transactions*

In September 2016, through our special purpose financing entities (**SPEs**), we issued (i) the 2027 Dollar Senior Secured Notes, (ii) the 2027 Euro Senior Secured Notes, and (iii) the 2027 Senior Notes (collectively, the **2016 SPE Notes**). We used \$300.0 million (€284.4 million translated at December 31, 2016) of the net proceeds from the 2027 Dollar Senior Secured Notes to fund the 2016 Dollar Senior Secured Proceeds Loan. The 2016 Dollar Senior Secured Proceeds Loan was used to prepay \$300.0 million of the principal amount outstanding under the Dollar Facility. The remaining net proceeds from the 2016 SPE Notes of €2,979.4 million euro equivalent were placed into certain escrow accounts (the **Escrowed Proceeds**). The Escrowed Proceeds are presented as restricted cash in our December 31, 2016 condensed consolidated balance sheet.

Pursuant to the terms of the Contribution Agreement, we were obligated to distribute €2,844.0 million of the Escrowed Proceeds to VodafoneZiggo Group Holding and ultimately to Liberty Global and Vodafone subsequent to the closing of the JV Transaction. Accordingly, we have reflected this obligation as a related-party distribution payable in our December 31, 2016 condensed consolidated balance sheet. On January 4, 2017, the Escrowed Proceeds were released from escrow and used to fund proceeds loans to the Proceeds Loan Borrowers, of which €2,844.0 million was distributed to VodafoneZiggo Group Holding who ultimately distributed 50% to each of Liberty Global and Vodafone. For additional information regarding the JV Transaction and the formation of the VodafoneZiggo JV, see note 3.

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***Maturities of Debt and Capital Lease Obligations***

The euro equivalents of the maturities of our debt and capital lease obligations as of September 30, 2017 are presented below:

	<u>Third-party (a)</u>	<u>Related-party</u>	<u>Total</u>
	<u>in millions</u>		
Year ending December 31:			
2017 (remainder of year) .....	€ 117.7	€ 200.2	€ 317.9
2018.....	507.8	200.8	708.6
2019.....	—	200.2	200.2
2020.....	71.7	—	71.7
2021.....	—	—	—
2022.....	—	—	—
Thereafter .....	9,670.3	1,400.0	11,070.3
Total debt maturities.....	<u>10,367.5</u>	<u>2,001.2</u>	<u>12,368.7</u>
Premiums, net of discounts .....	73.4	—	73.4
Deferred financing costs.....	(9.7)	—	(9.7)
Total debt.....	<u>€ 10,431.2</u>	<u>€ 2,001.2</u>	<u>€ 12,432.4</u>
Current portion .....	<u>€ 625.5</u>	<u>€ 201.0</u>	<u>€ 826.5</u>
Noncurrent portion .....	<u>€ 9,805.7</u>	<u>€ 1,800.2</u>	<u>€ 11,605.9</u>

(a) Amounts include certain senior and senior secured notes issued by the SPEs that are consolidated by VodafoneZiggo.

**(9) Income Taxes**

Our condensed consolidated financial statements include the income taxes on a separate return basis of (i) VodafoneZiggo effective December 31, 2016 upon closing of the JV Transaction and (ii) prior to the closing of the JV Transaction, of (a) Old Ziggo, along with UPC Nederland Holding I B.V. (**UPC Nederland Holding**) and its Dutch subsidiaries, and (b) LGE HoldCo VI B.V. and its Dutch subsidiaries.

Prior to the closing of the JV Transaction on December 31, 2016, Old Ziggo, along with UPC Nederland Holding and its Dutch subsidiaries, were part of a Dutch fiscal unity (the **Liberty Global Holding Dutch Fiscal Unity**) that comprised Liberty Global Holding B.V. (**Liberty Global Holding**) and all of its Dutch subsidiaries, including Old Ziggo and certain of its subsidiaries, as well as other Liberty Global subsidiaries that are outside of Old Ziggo. The Liberty Global Holding Dutch Fiscal Unity combined individual tax-paying Dutch entities and their ultimate Dutch parent company as one taxpayer for Dutch tax purposes. Related-party tax allocations to Old Ziggo from other Liberty Global Holding subsidiaries within the Liberty Global Holding Dutch Fiscal Unity were not subject to tax-sharing agreements, and no cash payments were made between the companies related to the Dutch tax attributes. Upon closing of the JV Transaction, VodafoneZiggo Group Holding, together with VodafoneZiggo and its subsidiaries, formed a new fiscal unity (the **VodafoneZiggo Fiscal Unity**). The VodafoneZiggo Fiscal Unity is one taxpayer for the period of time subsequent to the closing of the JV Transaction. Related-party tax allocations to our company from VodafoneZiggo Group Holding are not subject to tax-sharing agreements, and no cash payments will be made between VodafoneZiggo and VodafoneZiggo Group Holding related to the Dutch tax attributes. Accordingly, related-party tax allocations, if any, are reflected as adjustments in our condensed consolidated statement of owner's equity.

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

	Successor		Predecessor	
	Three months ended September 30, 2017	Nine months ended September 30, 2017	Three months ended September 30, 2016 (a)	Nine months ended September 30, 2016 (a)
Computed "expected" tax benefits .....	€ 24.6	€ 40.7	€ 51.5	€ 128.9
Tax benefits associated with technology innovations .....	5.6	10.6	2.8	10.1
Change in valuation allowances .....	—	—	(17.5)	(17.2)
Non-deductible or non-taxable interest and other expenses.....	(0.8)	(1.5)	(1.5)	(10.6)
Basis and other differences in the treatment of items associated with investment in subsidiaries and affiliates.....	—	—	14.8	12.3
Other, net.....	1.3	(0.1)	(0.6)	(0.8)
Total income tax benefits.....	€ 30.7	€ 49.7	€ 49.5	€ 122.7

(a) As retrospectively revised – see note 1.

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**(10) Related-party Transactions**

*Successor Period*

Our related-party transactions during the Successor periods are as follows:

	<u>Three months ended</u> <u>September 30, 2017</u>	<u>Nine months ended</u> <u>September 30, 2017</u>
	in millions	
Revenue .....	€ 10.9	€ 34.1
Programming and other direct costs of services.....	(19.2)	(36.7)
Share-based compensation expense .....	(0.9)	(5.1)
Charges for JV Services:		
Charges from Liberty Global:		
Operating (a).....	(22.1)	(64.4)
Capital (b).....	(8.0)	(24.2)
Total Liberty Global corporate recharges.....	(30.1)	(88.6)
Charges from Vodafone:		
Operating, net (a).....	(20.6)	(64.8)
Brand fees (c).....	(7.5)	(22.5)
Total Vodafone corporate recharges.....	(28.1)	(87.3)
Total charges for JV Services.....	(58.2)	(175.9)
Included in operating income.....	(67.4)	(183.6)
Interest expense .....	(28.3)	(84.2)
Included in net loss .....	€ (95.7)	€ (267.8)
Property and equipment additions .....	€ 47.3	€ 202.3

- (a) Represents amounts to be charged for technology and other services. These charges will be included in the calculation of Covenant EBITDA, as defined and described below.
- (b) Represents amounts to be charged for capital expenditures to be made by Liberty Global related to assets that we will use or will otherwise benefit us. These charges will not be included in the calculation of Covenant EBITDA.
- (c) Represents amounts to be charged for our use of the Vodafone brand name. These charges will not be included in the calculation of Covenant EBITDA.

*Revenue.* Amounts represent charges for certain services provided to Vodafone and Liberty Global subsidiaries.

*Programming and other direct costs of services.* Amounts represent interconnect fees charged to us by certain subsidiaries of Vodafone.

*Share-based compensation expense.* Amounts relate to charges to our company by Liberty Global and Vodafone for share-based incentive awards held by certain employees of our subsidiaries associated with ordinary shares of Liberty Global and Vodafone. Share-based compensation expense is included within SG&A in our condensed consolidated statements of operations.

*Charges for JV Services - Framework and Trade Mark Agreements*

Pursuant to a framework and a trade name agreement (collectively, the **JV Service Agreements**) entered into in connection with the formation of the VodafoneZiggo JV, Liberty Global and Vodafone charge us fees for certain services provided to us by



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the respective subsidiaries of the Shareholders (collectively, the **JV Services**). The JV Services are provided to us on a transitional or ongoing basis. Pursuant to the terms of the JV Service Agreements, the ongoing services will be provided for a period of four to six years depending on the type of service, while transitional services will be provided for a period of not less than 12 months, after which the Shareholders or VodafoneZiggo will be entitled to terminate based on specified notice periods. The JV Services provided by the respective subsidiaries of the Shareholders consist primarily of (i) technology and other services, (ii) capital-related expenditures for assets that we use or otherwise benefit us and (iii) brand name and procurement fees. The fees that Liberty Global and Vodafone charge us for the JV Services, as set forth in the table above, include both fixed and usage-based fees.

*Interest expense.* Amount relates to the Liberty Global Broadband Note and the Vodafone Note, as defined and described below.

*Property and equipment additions.* These amounts, which are cash settled, represent customer premises and network-related equipment acquired from certain Liberty Global and Vodafone subsidiaries, which subsidiaries centrally procure equipment on behalf of our company.

***Predecessor Period***

Prior to the closing of the JV Transaction, certain Liberty Global subsidiaries charged fees and allocated costs and expenses to our company, as further described below. Upon closing of the JV Transaction, the fees and allocated costs and expenses have been replaced by fees for the JV Services pursuant to the JV Service Agreements, as described above. The discussion set forth below provides descriptions of our related-party transactions during the Predecessor period prior to the closing of the JV Transaction.

Our related-party transactions during the Predecessor period are as follows:

	<b>Three months ended September 30, 2016 (a)</b>	<b>Nine months ended September 30, 2016 (a)</b>
	<b>in millions</b>	
Revenue .....	€ 0.7	€ 2.0
Programming and other direct costs of services .....	(3.8)	(10.7)
Other operating .....	(0.9)	(3.3)
SG&A expenses .....	0.2	0.4
Allocated share-based compensation expense .....	(2.1)	(6.4)
Fees and allocations:		
Operating and SG&A related (exclusive of depreciation and share-based compensation) .....	(15.8)	(52.8)
Depreciation .....	(11.1)	(34.9)
Share-based compensation .....	(4.2)	(15.4)
Management fee .....	(26.2)	(61.0)
Total fees and allocations .....	(57.3)	(164.1)
Included in operating income .....	(63.2)	(182.1)
Interest expense .....	(41.3)	(123.4)
Included in net loss .....	€ (104.5)	€ (305.5)
Property and equipment additions, net .....	€ 30.4	€ 109.7

(a) As retrospectively revised – see note 1.

*General.* Prior to the closing of the JV Transaction, certain Liberty Global subsidiaries charged fees and allocated costs and expenses to our company. Depending on the nature of these related-party transactions, the amount of the charges or allocations were 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.

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

*Programming and other direct costs of services.* Amounts consist of charges for certain backbone and other services provided to our company by Liberty Global subsidiaries.

*Other operating.* Amounts represent certain cash-settled charges from Liberty Global subsidiaries to our company, primarily related to customer premises equipment, backbone and other network-related services and outsourced labor and professional services provided to our company.

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

*Allocated share-based compensation expense.* Amounts represent charges that were allocated to our company by Liberty Global associated with the Liberty Global share-based incentive awards held by certain employees of our subsidiaries.

*Fees and allocations.* These amounts represent fees charged to our company that originate with Liberty Global and certain of its subsidiaries, and include charges for management, finance, legal, technology, marketing and other services that support our company's operations. These charges were generally cash or loan settled. The categories of our fees and allocations are as follows:

- *Operating and SG&A related (exclusive of depreciation and share-based compensation).* The amounts included in this category, which were generally cash settled, represent our estimated share of certain centralized technology, management, marketing, finance and other operating and SG&A expenses of Liberty Global's European operations, whose activities benefited multiple operations, including operations within and outside of our company. The amount allocated represents our estimated share of the actual costs incurred by Liberty Global's European operations, without a mark-up.
- *Depreciation.* The amounts included in this category, which were generally cash settled, represent our estimated share of depreciation of assets not owned by our company. The amount allocated represents our estimated share of the actual costs incurred by Liberty Global's European operations, without a mark-up.
- *Share-based compensation.* The amount included in this category, which were generally loan settled, represents our estimated share of share-based compensation associated with Liberty Global employees who were not employees of our company. The amount allocated represents our estimated share of the actual costs incurred by Liberty Global's European operations, without a mark-up.
- *Management fee.* The amounts included in this category, which were generally loan settled, represent our estimated allocable share of (i) operating and SG&A expenses related to stewardship services provided by certain Liberty Global subsidiaries and (ii) the mark-up, if any, applicable to each category of the related-party fees and allocations charged to our company.

*Interest expense.* Amounts primarily relate to (i) interest on a note payable to Liberty Global Europe, which was converted to equity during the fourth quarter of 2016, and (ii) the Liberty Global Broadband Note, as defined and described below.

*Property and equipment additions, net.* These amounts, which were generally cash settled, represent the net carrying values of (i) customer premises and network-related equipment acquired from certain Liberty Global subsidiaries, which subsidiaries centrally procured equipment on behalf of our company, and (ii) used equipment transferred to certain Liberty Global subsidiaries outside of Old Ziggo.

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

	Successor Period	
	September 30, 2017	December 31, 2016
in millions		
Assets:		
Related-party receivables (a).....	€ 41.7	€ 16.0
Liabilities:		
Accounts payable (b).....	€ 97.7	€ 99.9
Distribution payable (c).....	—	2,844.0
Accrued and other current liabilities (b) .....	19.6	14.9
Accrued interest.....	—	0.1
Debt:		
Liberty Global Broadband Note .....	1,000.0	1,000.0
Vodafone Note.....	1,000.0	1,000.0
Capital lease obligations.....	1.2	2.6
Total liabilities.....	€ 2,118.5	€ 4,961.5

- (a) Represents non-interest bearing receivables from certain Liberty Global and Vodafone subsidiaries.
- (b) Represents non-interest bearing payables, accrued capital expenditures and other accrued liabilities related to transactions with certain Liberty Global and Vodafone subsidiaries that are cash settled.
- (c) Represents the Escrowed Proceeds that were distributed to VodafoneZiggo Group Holding and ultimately to Liberty Global and Vodafone subsequent to the closing of the JV Transaction, as further described in note 8.

***Related-party Debt***

*Liberty Global Broadband Note*

During 2014, Old Ziggo issued a note payable to Liberty Global Broadband Limited (the **Liberty Global Broadband Note**). On December 31, 2016, and in connection with the closing of the JV Transaction, the Liberty Global Broadband Note was amended and restated. As a result, the Liberty Global Broadband Note matures on January 16, 2027 and has a fixed interest rate of 5.55%. Interest is payable in a manner mutually agreed upon by VodafoneZiggo and Liberty Global. During the three and nine months ended September 30, 2017, interest accrued on the Liberty Global Broadband Note was €14.2 million and €42.1 million, respectively, all of which was cash settled.

*Vodafone Note*

In connection with the closing of the JV Transaction, and upon Vodafone NL becoming a subsidiary of VodafoneZiggo, we assumed a €1.0 billion note payable to a subsidiary of Vodafone (the **Vodafone Note**). The Vodafone Note matures on January 16, 2027 and has a fixed interest rate of 5.55%. Interest is payable in a manner mutually agreed upon by VodafoneZiggo and Vodafone. During the three and nine months ended September 30, 2017, interest accrued on the Vodafone Note was €14.2 million and €42.1 million, respectively, all of which was cash settled.

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***Other***

In January 2017, a subsidiary of Liberty Global paid VAT in connection with a transaction with our Predecessor, which occurred in the fourth quarter of 2016, prior to the closing of the JV Transaction, and was accounted for as a deemed equity transaction. The VAT payment that had been made by the Liberty Global subsidiary was refunded to VodafoneZiggo by the applicable tax authority during the first quarter of 2017. We have reflected the receipt of these funds as a financing activity in our condensed consolidated statement of cash flows given the deemed equity treatment of the underlying transaction. In January 2017, following the closing of the JV Transaction, Liberty Global was reimbursed for half of the VAT amount it paid in connection with the transaction with our Predecessor. The remainder was refunded to Liberty Global through its 50% share of a €152.0 million distribution paid by VodafoneZiggo Group Holding in March 2017. This distribution was itself funded by a distribution of €152.0 million from VodafoneZiggo to VodafoneZiggo Group Holding. This distribution is reflected as a decrease to owner's equity in our condensed consolidated statement of owner's equity.

In May 2017, in accordance with the Shareholders Agreement's dividend policy, as discussed in note 3 above, VodafoneZiggo made a dividend distribution in the amount of €160.0 million to VodafoneZiggo Group Holding who ultimately distributed 50% to each of Liberty Global and Vodafone. This distribution is reflected as a decrease to owner's equity in our condensed consolidated statement of owner's equity. In July 2017, VodafoneZiggo made an additional dividend distribution in the amount of €130.0 million to VodafoneZiggo Group Holding who ultimately distributed 50% to each of Liberty Global and Vodafone.

**(11) Restructuring Liabilities**

A summary of the changes to our restructuring liability during the nine months ended September 30, 2017 is set forth in the table below:

	<b>Employee severance and termination</b>	<b>Office closures</b>	<b>Total</b>
	<b>in millions</b>		
Restructuring liability as of January 1, 2017.....	€ 30.7	€ 0.5	€ 31.2
Restructuring charges (a).....	5.2	—	5.2
Cash paid .....	(20.6)	—	(20.6)
Other.....	(0.8)	—	(0.8)
Restructuring liability as of September 30, 2017 .....	<u>€ 14.5</u>	<u>€ 0.5</u>	<u>€ 15.0</u>
Current portion .....	€ 12.7	€ 0.5	€ 13.2
Noncurrent portion .....	1.8	—	1.8
Total .....	<u>€ 14.5</u>	<u>€ 0.5</u>	<u>€ 15.0</u>

(a) Restructuring charges primarily relate to certain reorganization and integration activities related to the formation of the VodafoneZiggo JV.

We expect to record significant restructuring charges during the remainder of 2017 and 2018, primarily due to ongoing reorganization activities associated with the closing of the JV Transaction.

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**(12) Commitments and Contingencies**

***Commitments***

As further described in note 10, we have commitments related to the JV Service Agreements. Additionally, in the normal course of business, we have entered into agreements that commit our company to make cash payments in future periods with respect to programming commitments, network and connectivity commitments, purchase commitments of customer premises and other equipment, non-cancellable operating leases and other commitments. The following table sets forth these commitments as of September 30, 2017:

	Remainder of 2017	Payments due during:						Total
		2018	2019	2020	2021	2022	Thereafter	
				in millions				
JV Service Agreements (a).....	€ 54.2	€ 163.7	€ 138.6	€ 128.8	€ 104.2	€ 104.2	€ 90.0	€ 783.7
Programming commitments .....	36.6	106.3	71.5	42.4	10.2	—	—	267.0
Purchase commitments .....	148.2	35.8	1.0	1.0	1.0	—	—	187.0
Network and connectivity commitments.....	13.6	29.6	24.8	22.0	18.6	14.2	56.9	179.7
Operating leases.....	8.5	41.0	31.3	25.6	18.5	10.8	15.7	151.4
Other commitments .....	2.2	17.0	10.5	3.9	2.5	1.3	—	37.4
Total (b) .....	€ 263.3	€ 393.4	€ 277.7	€ 223.7	€ 155.0	€ 130.5	€ 162.6	€1,606.2

- (a) Amounts represent fixed minimum charges from Liberty Global and Vodafone pursuant to the JV Service Agreements. In addition to the fixed minimum charges, the JV Service Agreements provide for certain JV Services to be charged to us based upon usage of the services received. The fixed minimum charges set forth in the table above exclude fees for the usage-based services, as these fees will vary from period to period. Accordingly, we expect to incur charges in addition to those set forth in the table above for usage-based services. For additional information regarding fees related to the JV Service Agreements, see note 10.
- (b) The commitments included in this table do not reflect any liabilities that are included in our September 30, 2017 condensed consolidated balance sheet.

Programming commitments consist of obligations associated with certain of our programming contracts that are enforceable and legally binding on us as we have agreed to pay minimum fees without regard to (i) the actual number of subscribers to the programming services or (ii) whether we terminate service to a portion of our subscribers or dispose of a portion of our distribution systems. In addition, programming commitments do not include increases in future periods associated with contractual inflation or other price adjustments that are not fixed. Accordingly, the amounts reflected in the above table with respect to these contracts are significantly less than the amounts we expect to pay in these periods under these contracts. Historically, payments to programming vendors have represented a significant portion of our operating costs, and we expect that this will continue to be the case in future periods. In this regard, during the nine months ended September 30, 2017 and 2016 the programming and copyright costs incurred by our operations aggregated €254.2 million and €261.3 million, respectively.

Network and connectivity commitments include commitments associated with (i) fiber leasing and (ii) certain operating costs associated with our leased networks.

Purchase commitments include unconditional and legally binding obligations related to the purchase of customer premises and other equipment.

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

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In addition to the commitments set forth in the table above, we have commitments under (i) derivative instruments and (ii) multiemployer defined benefit plans, pursuant to which we expect to make payments in future periods. For information regarding our derivative instruments, including the net cash paid or received in connection with these instruments during the nine months ended September 30, 2017 and 2016, see note 5.

***Guarantees and Other Credit Enhancements***

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

***Legal and Regulatory Proceedings and Other Contingencies***

*Ziggo Acquisition Matter:* In August 2015, KPN N.V. (**KPN**) lodged an appeal against the European Commission's approval of the acquisition of Ziggo by Liberty Global. We were not a party to these proceedings. On October 26, 2017, the General Court of the European Union ruled that the Commission did not (sufficiently) state the reasons for not analyzing the possible vertical anti-competitive effects on the market for premium pay TV sports channels and consequently annulled the European Commission's decision. Article 10 (5) of the Merger Regulation provides in such a case that transaction shall be re-examined by the European Commission with a view to adopting a new decision. We are confident that a clearance decision will be obtained in due course.

On June 12, 2017, KPN lodged an appeal with the General Court of the European Union against the European Commission's 2016 decision to clear the JV Transaction in the Netherlands. Formal ground have been submitted on July 31, 2017. The Company, Liberty Global and Vodafone have jointly requested to intervene in the appeal proceedings.

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

In addition to the foregoing items, we have contingent liabilities related to matters arising in the ordinary course of business including (i) legal proceedings, (ii) issues involving VAT and wage, property, withholding and other tax issues and (iii) disputes over interconnection, programming, copyright and channel 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.

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**(13) Segment Reporting**

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

Effective April 1, 2017, we changed the categories that we present in this table in order to align with our internal reporting. These changes were retroactively reflected in the prior-year periods as shown below (in millions):

	Successor		Predecessor	
	Three months ended September 30, 2017	Nine months ended September 30, 2017	Three months ended September 30, 2016 (a)	Nine months ended September 30, 2016 (a)
Consumer cable revenue (b):				
Subscription revenue.....	€ 528.3	€ 1,566.6	€ 527.6	€ 1,576.9
Non-subscription revenue .....	4.8	18.4	6.6	20.5
Total consumer cable revenue .....	533.1	1,585.0	534.2	1,597.4
Consumer mobile revenue (c):				
Service revenue.....	187.1	568.7	8.0	21.8
Non-service revenue .....	29.3	94.5	1.0	2.8
Total consumer mobile revenue.....	216.4	663.2	9.0	24.6
B2B cable revenue (d):				
Subscription revenue.....	86.7	250.1	60.7	177.8
Non-subscription revenue .....	5.5	18.6	5.6	12.5
Total B2B cable revenue.....	92.2	268.7	66.3	190.3
B2B mobile revenue (e):				
Service revenue.....	131.8	404.1	0.3	0.8
Non-service revenue .....	13.7	56.6	0.1	0.1
Total B2B mobile revenue.....	145.5	460.7	0.4	0.9
Other revenue (f) .....	12.0	36.4	5.2	15.7
Total.....	€ 999.2	€ 3,014.0	€ 615.1	€ 1,828.9

(a) As retrospectively revised – see note 1.

(b) Consumer cable revenue is classified as either subscription revenue or non-subscription revenue. Consumer cable subscription revenue includes revenue from subscribers for ongoing video, broadband internet and voice services offered to residential customers. Consumer cable non-subscription revenue includes, among other items, installation and late fees and the sale of equipment. 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 products or the composition of bundles can contribute to changes in our product revenue categories from period to period.

(c) Consumer mobile revenue is classified as either service revenue or non-service revenue. Consumer mobile service revenue includes revenue from ongoing mobile and data services offered under postpaid and prepaid arrangements to residential customers. Consumer mobile non-service revenue includes, among other items, interconnect revenue, mobile handset and accessories sales, activation fees and late fees.

(d) B2B cable revenue is classified as either subscription revenue or non-subscription revenue. B2B cable subscription revenue includes revenue from business broadband internet, video, voice, and data services offered to small or home office (SOHO)

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and medium to large enterprises. B2B cable non-subscription revenue includes, among other items, revenue from hosting services, installation fees, carriage fees and interconnect fees.

- (e) B2B mobile revenue is classified as either service revenue or non-service revenue. B2B mobile service revenue includes revenue from ongoing mobile and data services offered to SOHO and medium to large enterprise customers. B2B mobile non-service revenue includes, among other items, interconnect revenue, mobile handset and accessories sales, activation fees and late fees.
- (f) Other revenue includes, among other items, programming and advertising revenue and revenue related to certain personnel services provided to Vodafone and Liberty Global.



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

The following discussion and analysis, which should be read in conjunction with our condensed consolidated financial statements and the discussion and analysis included in our 2016 annual report, is intended to assist in providing an understanding of our results of operations and financial condition and is organized as follows:

- *Forward-looking Statements.* This section provides a description of certain factors that could cause actual results or events to differ materially from anticipated results or events.
- *Overview.* This section provides a general description of our business and recent events and includes pro forma statistical data that gives effect to the JV Transaction.
- *Material Changes in Results of Operations.* This section provides an analysis of our results of operations for the three and nine months ended September 30, 2017 and our pro forma results of operations for the three and nine months ended September 30, 2016.
- *Material Changes in Financial Condition.* This section provides an analysis of our corporate and subsidiary liquidity, condensed consolidated statements of cash flows and contractual commitments.

The capitalized terms used below have been defined in the notes to our condensed consolidated financial statements. In the following text, the terms “we,” “our,” “our company” and “us” may refer, as the context requires, to VodafoneZiggo (or its predecessor, herein referred to as “**Old Ziggo**”) or, collectively, to VodafoneZiggo (or its predecessor) and its subsidiaries after giving effect to the JV Transaction and the common control transfer, as described in notes 1 and 4 to our condensed consolidated financial statements.

Unless otherwise indicated, convenience translations into euros are calculated, and operational data (including subscriber statistics) is presented, as of September 30, 2017.

### Forward-looking Statements

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

- economic and business conditions and industry trends in the Netherlands;
- the competitive environment in the Netherlands for both the fixed and mobile markets, including competitor responses to our products and services for our residential and business customers;
- 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;
- changes in consumer mobile usage behavior;

- customer acceptance of our existing service offerings, including our cable television, 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;
- the outcome of governmental requests for proposals related to contracts for B2B communication services;
- our ability to manage rapid technological changes;
- our ability to maintain or increase the number of subscriptions to our cable television, 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, applicable laws and/or government regulations in the Netherlands and adverse outcomes from regulatory proceedings, including regulation related to interconnect rates;
- government and/or regulatory intervention that requires opening our broadband distribution network to competitors, and/or other regulatory interventions;
- our ability to obtain regulatory approval and satisfy other conditions necessary to close acquisitions and dispositions and the impact of conditions imposed by competition and other regulatory authorities in connection with acquisitions;
- our ability to successfully acquire new businesses and, if acquired, to integrate, realize anticipated efficiencies from, and implement our business plan with respect to the businesses we have acquired or with respect to the formation of the VodafoneZiggo JV;
- changes in laws or treaties relating to taxation, or the interpretation thereof, in the Netherlands;
- changes in laws and government regulations that may impact the availability and cost of capital and the derivative instruments that hedge certain of our financial risks;
- the ability of suppliers and vendors to timely deliver quality products, equipment, software, services and access;
- our ability to secure sufficient and required spectrum for our mobile service offerings in upcoming spectrum auctions;
- the availability of attractive programming for our 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, including the costs and benefits associated with our planned network extensions;
- the availability of capital for the acquisition and/or development of telecommunications networks and services;
- problems we may discover post-closing with the operations, including the internal controls and financial reporting process, of businesses we acquire, including in relation to the VodafoneZiggo JV;
- the leakage of sensitive customer data;
- the outcome of any pending or threatened litigation;
- the loss of key employees and the availability of qualified personnel;
- changes in the nature of key strategic relationships with partners and joint venturers; and

- events that are outside of our control, such as political unrest in international markets, terrorist attacks, malicious human acts, natural disasters, pandemics and other similar events and our ability to effectively continue the business after such an event.

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

## **Overview**

### ***General***

VodafoneZiggo is a provider of video, broadband internet, fixed-line telephony and mobile services to residential and business customers in the Netherlands. Prior to the closing of the JV Transaction, VodafoneZiggo was a wholly-owned subsidiary of Liberty Global. On December 31, 2016, and upon closing the JV Transaction, VodafoneZiggo became a wholly-owned subsidiary of VodafoneZiggo Group Holding. VodafoneZiggo Group Holding is a 50:50 joint venture between Vodafone and Liberty Global. In connection with closing of the JV Transaction, Vodafone NL became an indirect wholly-owned subsidiary of VodafoneZiggo. Prior to the closing of the JV Transaction, Vodafone NL and its subsidiaries operated Vodafone's mobile business in the Netherlands. For additional information regarding the JV Transaction and the formation of the VodafoneZiggo JV, see note 3 to our condensed consolidated financial statements.

In connection with the closing of the JV Transaction, the VodafoneZiggo JV recorded the assets and liabilities of the VodafoneZiggo JV contributed businesses at fair value. Such fair values have been reflected in our condensed consolidated financial statements following the "push down method of accounting" from the VodafoneZiggo JV. Accordingly, we have a new basis of accounting effective December 31, 2016. In our condensed consolidated financial statements (i) the results of operations for the three and nine months ended September 30, 2016 and cash flows for the nine months ended September 30, 2016, prior to the close of the JV Transaction, are labeled Predecessor and reflect the historical accounting basis in the assets and liabilities of Old Ziggo, and (ii) the condensed consolidated balance sheets as of September 30, 2017 and December 31, 2016, the results of operations for the three and nine months ended September 30, 2017, and owner's equity and cash flows for the nine months ended September 30, 2017, following the close of the JV Transaction, are labeled Successor and reflect the push down of the VodafoneZiggo JV's basis of accounting in the new fair values of the assets and liabilities of the VodafoneZiggo JV contributed businesses. As further discussed below, in order to provide meaningful comparisons of our results of operations, the financial and operating information for the three and nine months ended September 30, 2016 is presented on a pro forma basis.

In October 2016, we completed the Ziggo Sport Transfer. We have reflected the Ziggo Sport Transfer at carryover basis as Ziggo Sport and Old Ziggo were under the common control of Liberty Global. Accordingly, our condensed consolidated statements of operations for the three and nine months ended September 30, 2016 and cash flows for the nine months ended September 30, 2016 have been retrospectively revised to give effect to the Ziggo Sport Transfer.

### ***Operations***

At September 30, 2017, we owned and operated networks that passed 7,133,100 homes and served 9,685,100 revenue generating units (RGUs), consisting of 3,918,100 video subscribers (including 3,351,100 enhanced video subscribers), 3,217,300 broadband internet subscribers and 2,549,700 fixed-line telephony subscribers. In addition, at September 30, 2017, we served 4,966,200 mobile subscribers, which includes 4,061,600 postpaid subscribers.

The following table provides details of our organic RGU and mobile subscriber changes for the periods indicated. Organic RGU and mobile subscriber changes exclude the effect of acquisitions (RGUs and mobile subscribers added on the acquisition date) and other non-organic adjustments, but include post-acquisition date RGU and mobile subscriber additions or losses.

	For the three months ended September 30,		For the nine months ended September 30,	
	2017	2016	2017	2016
Organic RGU additions (losses):				
Video:				
Basic .....	(25,500)	(16,700)	(70,200)	(64,500)
Enhanced .....	10,100	(2,500)	12,300	(31,500)
Total video .....	(15,400)	(19,200)	(57,900)	(96,000)
Broadband internet.....	20,100	14,300	39,800	31,300
Fixed-line telephony .....	4,900	(6,400)	13,400	(14,300)
Total organic RGU additions (losses) .....	9,600	(11,300)	(4,700)	(79,000)
Organic postpaid net additions (losses).....	(1,400)	13,400	(4,900)	(10,700)
Organic prepaid net losses .....	(59,600)	(51,200)	(161,400)	(122,100)
Total mobile subscriber losses (a).....	(61,000)	(37,800)	(166,300)	(132,800)

- (a) The operating information for the 2016 periods are presented on a pro forma basis and give effect to the JV Transaction as if had been completed as of January 1, 2015. These pro forma amounts are not necessarily indicative of the operating results that would have occurred if the JV Transaction had occurred on such date.

### ***Competition and Other External Factors***

We are experiencing significant competition from an incumbent telecommunications operator, direct-to-home operators and other providers. This significant competition, together with the macroeconomic factors, has adversely impacted our revenue, RGU and average monthly subscription/service revenue per average cable RGU or mobile subscriber, as applicable (**ARPU**). For additional information regarding the impact to revenue of changes in our RGUs and/or ARPU, see *Material Changes in Results of Operations* below. In particular, our mobile operations continue to experience pressure on pricing, characterized by aggressive promotion campaigns, heavy marketing spend and increasing or unlimited data bundles. Furthermore, there is increasing competition from mobile virtual network operators who focus on certain niche segments such as no frill, youth or ethnic markets.

Effective June 15, 2017, customers are able to use their mobile device when traveling in the E.U., paying the same prices as at home, i.e. to "Roam like at Home." Any voice call, short message service, or "SMS," and data session made while traveling abroad in the E.U. will be deducted from the monthly package of minutes, SMS and data in the home country with no extra charges. As a result of this change, our revenues from intra-E.U. roaming have declined and are expected to continue to decline.

In addition to competition, our operations are subject to macroeconomic, political and other risks that are outside of our control. On June 23, 2016, the United Kingdom (U.K.) held a referendum in which U.K. citizens voted in favor of, on an advisory basis, an exit from the E.U., commonly referred to as "Brexit." The terms of any withdrawal are subject to a negotiation period that could take until March 2019. A withdrawal could, among other outcomes, disrupt the free movement of goods, services, people and capital between the U.K. and the E.U., undermine bilateral cooperation in key geographic areas and significantly disrupt trade between the U.K. and the E.U. or other nations as the U.K. pursues independent trade relations. The initial impact of the announcement of Brexit caused significant volatility in global capital markets.

In addition, high levels of sovereign debt in the U.S. and several European countries, combined with weak growth and high unemployment, could potentially lead to fiscal reforms (including austerity measures), tax increases, sovereign debt restructurings, currency instability, increased counterparty credit risk, high levels of volatility and disruptions in the credit and equity markets, as well as other outcomes that might adversely impact our company. The occurrence of any of these events could have an adverse impact on, among other matters, our liquidity and cash flows.

## **Material Changes in Results of Operations**

This section provides an analysis of our results of operations for the three and nine months ended September 30, 2017, as compared to pro forma results of operations for the three and nine months ended September 30, 2016 to give effect to the JV Transaction. As further explained in note 1 to our condensed consolidated financial statements, the results of operations for the three and nine months ended September 30, 2016 and cash flows for the nine months ended September 30, 2016, prior to the close of the JV Transaction, for VodafoneZiggo do not include Vodafone NL. In order to provide meaningful comparisons, the financial and operating information presented herein for the 2016 periods are presented on a pro forma basis that give effect to, among other items, (i) the inclusion of the financial and operating information of Vodafone NL (excluding Vodafone NL's retail consumer fixed-line business that was divested as a condition of the consummation of the VodafoneZiggo JV) as of and for the three and nine months ended September 30, 2016, (ii) the impacts of the fair value accounting applied to the opening balance sheet of VodafoneZiggo in connection with the closing of the JV Transaction, (iii) the services provided to VodafoneZiggo by Vodafone and Liberty Global pursuant to the JV Service Agreements that were entered into in connection with the JV Transaction and (iv) the elimination of historical related-party charges from Vodafone and Liberty Global that are not included in the periods following the JV Transaction, with each adjustment recorded as if the JV Transaction had occurred on January 1, 2015. The pro forma adjustments are based on certain assumptions that we believe are reasonable.

## Financial Performance

Historical results for the three and nine months ended September 30, 2017, as compared to the pro forma results for the corresponding periods in 2016, are set forth below (in millions):

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016 pro forma	2017	2016 pro forma
Revenue .....	€ 999.2	€ 1,054.2	€ 3,014.0	€ 3,129.0
Operating costs and expenses (exclusive of depreciation and amortization, shown separately below):				
Programming and other direct costs of services .....	217.0	234.7	671.0	693.1
Other operating .....	110.4	125.8	349.6	367.6
SG&A.....	167.8	172.0	516.4	533.5
Charges for JV Services .....	58.2	60.7	175.9	189.6
Depreciation and amortization .....	363.7	355.7	1,117.0	1,110.7
Impairment, restructuring and other operating items, net.....	(2.2)	(0.6)	0.5	6.7
	<u>914.9</u>	<u>948.3</u>	<u>2,830.4</u>	<u>2,901.2</u>
Operating income .....	<u>84.3</u>	<u>105.9</u>	<u>183.6</u>	<u>227.8</u>
Non-operating income (expense):				
Interest expense:				
Third-party .....	(115.3)	(112.1)	(347.1)	(342.4)
Related-party.....	(28.3)	(25.0)	(84.2)	(76.9)
Interest income .....	2.6	0.4	3.2	0.4
Realized and unrealized losses on derivative instruments, net .....	(203.7)	(146.4)	(525.3)	(332.7)
Foreign currency transaction gains (losses), net .....	161.9	(53.3)	581.3	121.6
Gains on debt modification and extinguishment, net.....	—	—	15.2	—
Other income (expense), net .....	—	(6.0)	10.5	(15.4)
	<u>(182.8)</u>	<u>(342.4)</u>	<u>(346.4)</u>	<u>(645.4)</u>
Loss before income taxes.....	<u>(98.5)</u>	<u>(236.5)</u>	<u>(162.8)</u>	<u>(417.6)</u>
Income tax benefit .....	30.7	57.1	49.7	98.8
Net loss.....	<u>€ (67.8)</u>	<u>€ (179.4)</u>	<u>€ (113.1)</u>	<u>€ (318.8)</u>

## General

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

We pay interconnection fees to other telephony providers when calls or text messages from our subscribers terminate on another network, and we receive similar fees from such providers when calls or text messages from their customers terminate on our networks. The amounts we charge and incur with respect to fixed-line telephony and mobile interconnection fees are subject to regulatory oversight. To the extent that regulatory authorities introduce fixed-line or mobile termination rate changes, we would experience prospective changes in our interconnect revenue and costs. The ultimate impact of any such changes in termination rates on our adjusted operating income before depreciation and amortization (**OCF**) would be dependent on the call or text messaging patterns that are subject to the changed termination rates. OCF is defined as operating income before depreciation and amortization, share-based compensation, provisions and provision releases related to significant litigation and impairment, restructuring and other operating items. Other operating items include (i) gains and losses on the disposition of long-lived assets, (ii) third-party costs directly associated with successful and unsuccessful acquisitions and dispositions, including legal, advisory and due diligence fees, as applicable, and (iii) other acquisition-related items, such as gains and losses on the settlement of contingent consideration.

We are subject to inflationary pressures with respect to certain costs and foreign currency exchange risk. Any cost increases that we are not able to pass on to our subscribers through rate increases would result in increased pressure on our operating margins.

### Revenue

Variances in the subscription or service revenue that we receive from our customers are a function of (i) changes in the number of RGUs or mobile subscribers outstanding during the period and (ii) changes in ARPU. Changes in ARPU can be attributable to (a) changes in prices, (b) changes in bundling or promotional discounts, (c) changes in the tier of services selected, (d) variances in subscriber usage patterns and (e) the overall mix of cable and mobile products during the period. In the following discussion, we discuss ARPU changes in terms of the net impact of the above factors on the ARPU that is derived from our video, broadband internet, fixed-line telephony and mobile products.

Our revenue by major category is set forth below. Effective April 1, 2017, we changed the categories that we present in this table in order to align with our internal reporting. These changes were retroactively reflected in the prior-year periods.

	Three months ended September 30,		Increase (decrease)	
	2017	2016	€	%
	<b>pro forma</b>			
	<b>in millions</b>			
Consumer cable revenue (a):				
Subscription revenue.....	€ 528.3	€ 527.6	€ 0.7	0.1
Non-subscription revenue .....	4.8	6.1	(1.3)	(21.3)
Total consumer cable revenue.....	533.1	533.7	(0.6)	(0.1)
Consumer mobile revenue (b):				
Service revenue.....	187.1	210.2	(23.1)	(11.0)
Non-service revenue .....	29.3	34.6	(5.3)	(15.3)
Total consumer mobile revenue.....	216.4	244.8	(28.4)	(11.6)
B2B cable revenue (c):				
Subscription revenue.....	86.7	80.1	6.6	8.2
Non-subscription revenue .....	5.5	8.4	(2.9)	(34.5)
Total B2B cable revenue.....	92.2	88.5	3.7	4.2
B2B mobile revenue (d):				
Service revenue.....	131.8	158.2	(26.4)	(16.7)
Non-service revenue .....	13.7	18.0	(4.3)	(23.9)
Total B2B mobile revenue.....	145.5	176.2	(30.7)	(17.4)
Other revenue (e).....	12.0	11.0	1.0	9.1
Total.....	€ 999.2	€ 1,054.2	€ (55.0)	(5.2)

	Nine months ended September 30,		Increase (decrease)	
	2017	2016	€	%
	<b>pro forma in millions</b>			
Consumer cable revenue (a):				
Subscription revenue.....	€ 1,566.6	€ 1,576.9	€ (10.3)	(0.7)
Non-subscription revenue.....	18.4	18.8	(0.4)	(2.1)
Total consumer cable revenue.....	1,585.0	1,595.7	(10.7)	(0.7)
Consumer mobile revenue (b):				
Service revenue.....	568.7	619.4	(50.7)	(8.2)
Non-service revenue.....	94.5	100.1	(5.6)	(5.6)
Total consumer mobile revenue.....	663.2	719.5	(56.3)	(7.8)
B2B cable revenue (c):				
Subscription revenue.....	250.1	236.9	13.2	5.6
Non-subscription revenue.....	18.6	20.5	(1.9)	(9.3)
Total B2B cable revenue.....	268.7	257.4	11.3	4.4
B2B mobile revenue (d):				
Service revenue.....	404.1	461.5	(57.4)	(12.4)
Non-service revenue.....	56.6	60.3	(3.7)	(6.1)
Total B2B mobile revenue.....	460.7	521.8	(61.1)	(11.7)
Other revenue (e).....	36.4	34.6	1.8	5.2
Total.....	€ 3,014.0	€ 3,129.0	€ (115.0)	(3.7)

- (a) Consumer cable revenue is classified as either subscription revenue or non-subscription revenue. Consumer cable subscription revenue includes revenue from subscribers for ongoing video, broadband internet, and voice services offered to residential customers. Consumer cable non-subscription revenue includes, among other items, installation and late fees and the sale of equipment. 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 products or the composition of bundles can contribute to changes in our product revenue categories from period to period.
- (b) Consumer mobile revenue is classified as either service revenue or non-service revenue. Consumer mobile service revenue includes revenue from ongoing mobile and data services offered under postpaid and prepaid arrangements to residential customers. Consumer mobile non-service revenue includes, among other items, interconnect revenue, mobile handset and accessories sales, activation fees and late fees.
- (c) B2B cable revenue is classified as either subscription revenue or non-subscription revenue. B2B cable subscription revenue includes revenue from business broadband internet, video, voice, and data services offered to SOHO and medium to large enterprises. B2B cable non-subscription revenue includes, among other items, revenue from hosting services, installation fees, carriage fees and interconnect. Subscription revenue from SOHO subscribers aggregated €28.6 million and €24.5 million during the three months ended September 30, 2017 and 2016, respectively, and €82.5 million and €68.0 million for the nine months ended September 30, 2017 and 2016, respectively.
- (d) B2B mobile revenue is classified as either service revenue or non-service revenue. B2B mobile service revenue includes revenue from ongoing mobile and data services offered to SOHO and medium to large enterprise customers. B2B mobile non-service revenue includes, among other items, interconnect revenue, mobile handset and accessories sales, activation fees and late fees. Mobile service revenue from SOHO subscribers aggregated €104.6 million and €124.8 million during the three months ended September 30, 2017 and 2016, respectively, and €316.8 million and €366.1 million for the nine months ended September 30, 2017 and 2016, respectively.



- (e) Other revenue includes, among other items, programming and advertising revenue and revenue related to certain personnel services provided to Vodafone and Liberty Global.

The details of the decreases in our revenue during the three and nine months ended September 30, 2017, as compared to the corresponding periods in 2016, are set forth below:

	Three-month period			Nine-month period		
	Subscription /Service revenue	Non-subscription / Non-service	Total	Subscription /Service revenue	Non-subscription / Non-service	Total
	in millions					
Pro forma increase (decrease) in consumer cable subscription revenue due to change in:						
Average number of RGUs (a) .....	€ (2.0)	€ —	€ (2.0)	€ (9.9)	€ —	€ (9.9)
ARPU (b) .....	2.7	—	2.7	(0.4)	—	(0.4)
Total decrease in consumer cable non-subscription revenue .....	—	(1.3)	(1.3)	—	(0.4)	(0.4)
Total pro forma increase (decrease) in cable revenue .....	0.7	(1.3)	(0.6)	(10.3)	(0.4)	(10.7)
Decrease in consumer mobile revenue (c) .....	(23.1)	(5.3)	(28.4)	(50.7)	(5.6)	(56.3)
Increase (decreases) in B2B cable revenue (d) .....	6.6	(2.9)	3.7	13.2	(1.9)	11.3
Decrease in B2B mobile revenue (e) .....	(26.4)	(4.3)	(30.7)	(57.4)	(3.7)	(61.1)
Increase in other revenue .....	—	1.0	1.0	—	1.8	1.8
Total .....	€ (42.2)	€ (12.8)	€ (55.0)	€ (105.2)	€ (9.8)	€ (115.0)

- (a) The decreases in consumer cable subscription revenue related to a change in the average number of RGUs are attributable to the net effect of (i) decreases in the average number of basic video RGUs and (ii) increases in the average number of broadband internet and enhanced video RGUs.
- (b) The increase in consumer cable subscription revenue related to a change in ARPU during the three-month period is attributable to the net effect of (i) higher ARPU from broadband internet services and (ii) lower ARPU from fixed-line telephony and video services. The decrease in consumer cable subscription revenue related to a change in ARPU during the nine-month period is attributable to the net effect of (a) a decrease due to lower ARPU from fixed-line telephony services partially offset by higher ARPU from video services and (b) an improvement in RGU mix.
- (c) The decreases in consumer mobile service revenue are primarily due to the net effect of (i) lower ARPU, which includes the impact of lower intra-E.U. roaming revenue and growth in the number of customers under subscriber identification module or “SIM”-only contracts and (ii) increases in the average number of mobile subscribers. The reduction in intra-E.U. roaming revenue is primarily attributable to competitive pressures to reduce roaming charges in advance of changes in regulations, which became effective on June 15, 2017. For additional information regarding changes in regulations related to roaming charges, see *Overview* above. The decreases in consumer mobile non-service revenue are primarily due to lower interconnect revenue as a result of reduced mobile termination rates in effect beginning in July 2017.
- (d) The increases in B2B cable subscription revenue are due to the net effect of (i) higher revenue from broadband internet services, mostly due to increases in the average number of RGUs and higher ARPU from our SOHO customers, (ii) lower revenue from fixed-line telephony services, primarily due to decreases in revenue from medium and large enterprises, and (iii) increases in revenue from video services, primarily due to higher average numbers of RGUs and higher ARPU from our SOHO customers.
- (e) The decreases in B2B mobile service revenue are due to (i) lower SOHO revenue from mobile services attributable to lower ARPU associated with customers switching to consumer mobile plans and pricing pressure with medium and large enterprise

customers, (ii) the impact of lower intra-E.U. roaming revenue as well as lower roaming rates outside of Europe and (iii) lower out-of-bundle usage.

#### *Programming and other direct costs of services*

*General.* Programming and other direct costs of services include programming and copyright costs, mobile access and interconnect costs, mobile handset and other equipment cost of goods sold and other direct costs related to our operations. Programming and copyright costs, which represent a significant portion of our operating costs, are subject to increase in future periods as a result of (i) higher costs associated with the expansion of our digital video content, including rights associated with ancillary product offerings and rights that provide for the broadcast of live sporting events, and (ii) rate increases.

Our programming and other direct costs of service decreased €17.7 million or 7.5% and €22.1 million or 3.2% during the three and nine months ended September 30, 2017, respectively, as compared to the corresponding periods in 2016. These decreases include the following factors:

- Decreases in equipment costs of €10.4 million and €11.4 million, respectively, primarily due to lower mobile handset costs and sales volumes, partially offset by higher sales of WiFi coverage extension devices;
- Decreases in mobile access and interconnect costs of €7.7 million or 11.5% and €7.5 million or 3.9%, respectively. The lower costs are due to the net effect of (i) lower mobile termination rates and fixed-line termination rates of €12.3 million and €15.3 million, respectively, (ii) increases in mobile roaming costs of €8.6 million and €10.2 million, respectively, (iii) lower fixed-line and mobile call volumes of €2.3 million and €7.9 million, respectively, and (iv) for the nine-month comparison, an increase of €6.9 million resulting from a cumulative adjustment recorded during the first quarter of 2016 attributable to a change in regulations that retrospectively reduced roaming rates; and
- Decreases in programming and copyright costs of €0.5 million or 0.5% and €7.1 million or 2.7%, respectively, primarily due to the net effect of (i) decreases in copyright costs, (ii) for the nine-month comparison, a decrease of €5.8 million resulting from the reassessment of programming and copyright accruals and (iii) higher costs for certain premium and basic content, including costs related to Ziggo Sport.

#### *Other operating expenses*

*General.* Other operating expenses include network operations, customer operations, customer care and other costs related to our operations.

Our other operating expenses decreased €15.4 million or 12.2% and €18.0 million or 4.9% during the three and nine months ended September 30, 2017, respectively, as compared to the corresponding periods in 2016. These decreases include the following factors:

- Decreases in network-related expenses of €2.6 million or 5.3%, and €6.5 million or 4.5%, respectively, primarily due to (i) lower access fees and (ii) decreases in network maintenance costs;
- An increase (decrease) in information technology-related expenses of (€0.6 million) and €1.2 million, respectively. The increase for the nine-month comparison is primarily due to higher software and other information-technology-related costs associated with the integration of Old Ziggo and Vodafone platforms;
- Decreases in outsourced labor and professional fees of €3.3 million or 13.7% and €3.2 million or 4.4%, respectively, primarily due to professional fees incurred during the 2016 periods in connection with the JV Transaction;
- Decreases in bad debt and collection expenses of €9.2 million and €10.1 million, respectively; and
- An increase in personnel costs of €1.2 million or 0.7% during the nine-month comparison period primarily due to the net effect of (i) higher salary costs relating to an increase associated with a collective bargaining agreement, (ii) decreased costs resulting from higher proportions of capitalized labor costs associated with technology and network upgrades, (iii) higher staffing levels and (iv) a decrease in temporary personnel costs.

### *SG&A expenses*

*General.* SG&A expenses include human resources, information technology, general services, management, finance, legal, external sales and marketing costs, share-based compensation and other general expenses. We do not include share-based compensation in the following discussion and analysis of the SG&A expenses.

Our SG&A expenses decreased €4.2 million or 2.4% and €17.1 million or 3.2% during the three and nine months ended September 30, 2017, respectively, as compared to the corresponding periods in 2016. Excluding the effects of share-based compensation expense, our SG&A expenses decreased €2.6 million or 1.5% and €14.1 million or 2.7%, respectively. These decreases include the following factors:

- Decreases in external sales and marketing costs of €10.1 million or 14.0% and €34.9 million or 15.6%, respectively, primarily due to lower (i) third-party sales commissions and (ii) costs associated with advertising campaigns;
- Increases in personnel costs of €4.2 million or 6.5% and €18.8 million or 9.8%, respectively, primarily due to (i) higher incentive compensation costs and (ii) for the nine-month comparison, higher pension-related and temporary personnel costs;
- Increases in outsourced labor and professional fees of €4.8 million or 12.3% and €6.5 million or 5.2%, respectively, The increase for the three-month comparison is primarily due to an increase in outsourced maintenance costs. The increase for the nine-month comparison is primarily due to higher audit and consulting costs; and
- Decreases in information technology-related expenses of €2.3 million or 10.2% and €3.2 million or 4.9%, largely due to lower software costs.

### *Charges for JV Services*

We recorded charges for JV Services of €58.2 million and €60.7 million during the three months ended September 30, 2017 and 2016, respectively, as compared to €175.9 million and €189.6 million during the nine months ended September 30, 2017 and 2016, respectively. For additional information regarding charges for JV Services, see note 10 to our condensed consolidated financial statements.

### *Depreciation and amortization expense*

Our depreciation and amortization expense increased €8.0 million or 2.2% and €6.3 million or 0.6% during the three and nine months ended September 30, 2017, respectively, as compared to the corresponding periods in 2016. These increases are primarily due 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 and (ii) decreases associated with certain assets becoming fully amortized.

### *Impairment, restructuring and other operating items, net*

We recognized impairment, restructuring and other operating items, net, of (€2.2 million) and €0.5 million during the three and nine months ended September 30, 2017, respectively, including (i) restructuring charges of €3.2 million and €5.2 million, respectively, (ii) impairment charges related to tangible assets of €0.7 million and €2.4 million, respectively, (iii) gains from the disposition of assets of €3.6 million and €4.6 million, respectively, and (iv) a credit of €2.7 million recorded during the three months ended September 30, 2017 resulting from the reassessment of certain prior-year accruals.

We recognized impairment, restructuring and other operating items, net, of (€0.6 million) and €6.7 million during the three and nine months ended September 30, 2016, respectively, including (i) restructuring charges (releases) of (€0.9 million) and €9.0 million, respectively, and (ii) for the nine month period, a gain of €2.7 million related to the settlement of a legal contingency.

Our mobile and fixed-line operations are experiencing significant competition. In particular, our mobile operations continue to experience pressure on pricing, characterized by aggressive promotion campaigns, heavy marketing spend and increasing or unlimited data bundles. If the adverse impacts of economic, competitive, regulatory or other factors were to cause significant deterioration of our results of operations or cash flows, we could conclude in future periods that an impairment to goodwill and, to a lesser extent, long-lived assets, is required. Any such impairment of goodwill or long-lived assets could be significant.

We expect to record significant restructuring charges during the remainder of 2017 and 2018, primarily due to ongoing reorganization activities associated with the closing of the JV Transaction.

*Interest expense – third-party*

Our third-party interest expense remained relatively flat during the three and nine months ended September 30, 2017, as compared to the corresponding periods in 2016. For additional information regarding our third-party debt, see note 8 to our condensed consolidated financial statements.

It is possible that the interest rates on (i) any new borrowings could be higher than the current interest rates on our existing indebtedness and (ii) our variable-rate indebtedness could increase in future periods. As further discussed in note 5 to our condensed consolidated financial statements, we use derivative instruments to manage our interest rate risks.

*Interest expense – related-party*

Our related-party interest expense increased €3.3 million or 13.2% and €7.3 million or 9.5% during the three and nine months ended September 30, 2017, respectively, as compared to the corresponding periods in 2016. These increases are primarily due to higher average outstanding debt balances. For additional information regarding our related-party debt, see note 10 to our condensed consolidated financial statements.

*Interest income – third-party*

Our third-party interest income was €3.2 million during the nine months ended September 30, 2017. This amount represents interest earned on operating cash deposits and the Escrowed Proceeds. As further described in note 8 to our condensed consolidated financial statements, on January 4, 2017 the Escrowed Proceeds were released from escrow and were distributed to VodafoneZiggo Group Holding, and ultimately to Liberty Global and Vodafone in accordance with the terms of the Contribution Agreement.

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

The details of our realized and unrealized losses on derivative instruments, net, are as follows (in millions):

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
	pro forma		pro forma	
Cross-currency and interest rate derivative contracts (a) .....	€ (203.4)	€ (146.4)	€ (524.0)	€ (332.7)
Foreign currency forward contracts .....	(0.3)	—	(1.3)	—
Total .....	<u>€ (203.7)</u>	<u>€ (146.4)</u>	<u>€ (525.3)</u>	<u>€ (332.7)</u>

- (a) The loss during the 2017 three-month period is primarily attributable to the net effect of (i) losses associated with an increase in the value of the euro relative to the U.S. dollar, (ii) gains associated with increases in market interest rates in the euro market and (iii) gains associated with decreases in market interest rates in the U.S. dollar market. The loss during the 2017 nine-month period is primarily attributable to the net effect of (a) losses associated with an increase in the value of the euro relative to the U.S. dollar, and (b) gains associated with increases in market interest rates in the euro market. In addition, the losses during the 2017 periods include net gains of €6.5 million and €73.4 million, respectively, resulting from changes in our credit risk valuation adjustments. The loss during the 2016 three-month period is primarily attributable to (1) losses associated with an increase in the value of the euro relative to the U.S. dollar, (2) losses associated with decreases in market interest rates in the euro market and (3) losses associated with increases in market interest rates in the U.S. dollar market. The loss during the 2016 nine-month period is primarily attributable to (I) losses associated with decreases in market interest rates in the euro market and (II) losses associated with an increase in the value of the euro relative to the U.S. dollar. In addition, the losses during the 2016 periods include net gains of €52.0 million and €58.9 million, respectively, resulting from changes in our credit risk valuation adjustments.

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

*Foreign currency transaction gains (losses), net*

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

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
	pro forma		pro forma	
U.S. dollar-denominated debt .....	€ 160.8	€ (54.1)	€ 560.9	€ 120.7
Restricted cash and cash denominated in a currency other than our functional currency .....	0.2	0.7	19.4	0.7
Other .....	0.9	0.1	1.0	0.2
Total .....	<u>€ 161.9</u>	<u>€ (53.3)</u>	<u>€ 581.3</u>	<u>€ 121.6</u>

*Gains on debt modification and extinguishment, net*

During the nine months ended September 30, 2017, we recognized a gain on debt modification and extinguishment, net, of €15.2 million. This gain includes the net effect of (i) the write-off of €21.6 million of unamortized premiums and (ii) €6.4 million of financing costs.

### *Income tax benefit*

We recognized an income tax benefit of €30.7 million and €57.1 million during the three months ended September 30, 2017 and 2016, respectively, and €49.7 million and €98.8 million during the nine months ended September 30, 2017 and 2016, respectively.

The income tax benefit recognized during the three months ended September 30, 2017 differs from the expected tax benefit of €24.6 million that would result from the application of the Dutch income tax rate of 25.0% to our loss before income taxes, primarily due to the positive impact of tax benefits associated with technology innovation that was only partially offset by the negative impact of non-deductible or non-taxable interest and other expenses. The income tax benefit recognized during the three months ended September 30, 2016 differs from the expected tax benefit of €59.1 million, primarily due to (i) an increase in valuation allowances, (ii) the positive impact of certain permanent differences between the financial and tax accounting treatment of items associated with investments in subsidiaries and affiliates, (iii) the positive impact of tax benefits associated with technology innovation and (iv) the negative impact of non-deductible or non-taxable interest and other expenses.

The income tax benefit recognized during the nine months ended September 30, 2017 differs from the expected income tax benefit of €40.7 million that would result from the application of the Dutch income tax rate of 25.0% to our loss before income taxes, primarily due to the positive impact of tax benefits associated with technology innovation that was only partially offset by the negative impact of non-deductible or non-taxable interest and other expenses. The income tax benefit recognized during the nine months ended September 30, 2016 differs from the expected tax benefit of €104.4 million, primarily due to (i) an increase in valuation allowances, (ii) the positive impact of certain permanent differences between the financial and tax accounting treatment of items associated with investments in subsidiaries and affiliates, (iii) the positive impact of tax benefits associated with technology innovation and (iv) the negative impact of non-deductible or non-taxable interest and other expenses.

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

### *Net loss*

During the three months ended September 30, 2017 and 2016, we reported net losses of €67.8 million and €179.4 million, respectively, including (i) operating income of €84.3 million and €105.9 million, respectively, (ii) net non-operating expense of €182.8 million and €342.4 million, respectively, and (iii) income tax benefits of €30.7 million and €57.1 million, respectively.

During the nine months ended September 30, 2017 and 2016, we reported net losses of €113.1 million and €318.8 million, respectively, including (i) operating income of €183.6 million and €227.8 million, respectively, (ii) net non-operating expense of €346.4 million and €645.4 million, respectively, and (iii) income tax benefits of €49.7 million and €98.8 million, respectively.

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

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

## **Material Changes in Financial Condition**

### ***Sources and Uses of Cash***

As a holding company, VodafoneZiggo's primary assets are its investments in consolidated subsidiaries. As further described in note 8 to our condensed consolidated financial statements, the terms of the instruments governing the indebtedness of certain of these subsidiaries may restrict our ability to access the assets of these subsidiaries. The ability to access the liquidity of our subsidiaries may also be limited by tax and legal considerations and other factors. At September 30, 2017, substantially all of our €391.8 million of consolidated cash was held by our subsidiaries.

## ***Liquidity of VodafoneZiggo***

Our sources of liquidity at the parent level include, subject to the restrictions noted above, proceeds in the form of distributions or loans from our subsidiaries. It is the intention of the Shareholders of the VodafoneZiggo JV that VodafoneZiggo will be a self-funding company capable of financing its activities on a standalone basis without recourse to either Shareholder. No assurance can be given that funding from our subsidiaries or external sources would be available on favorable terms, or at all.

VodafoneZiggo's corporate liquidity requirements include corporate general and administrative expenses and fees associated with the JV Service Agreements. From time to time, VodafoneZiggo may also require cash in connection with (i) the repayment of its related-party debt and interest, (ii) the funding of dividends or distributions pursuant to the Shareholders Agreement, which requires VodafoneZiggo to distribute all unrestricted cash (as defined in the Shareholders Agreement) to the Shareholders every two months (subject to VodafoneZiggo maintaining a minimum amount of cash and complying with the terms of its financing arrangements), (iii) the satisfaction of contingent liabilities, (iv) acquisitions and other investment opportunities or (v) income tax payments.

## ***Liquidity of our Subsidiaries***

In addition to cash, the primary sources of liquidity of our operating subsidiaries are cash provided by operations and, in the case of Ziggo B.V. and certain of its subsidiaries, any borrowing availability under the Revolving Facilities.

The liquidity of our operating subsidiaries generally is used to fund property and equipment additions, debt service requirements and other liquidity requirements that may arise from time to time. For additional information regarding our condensed consolidated cash flows, see the discussion under *Condensed Consolidated Statements of Cash Flows* below. Our subsidiaries may also require funding in connection with (i) the repayment of amounts due under the third-party debt instruments of our subsidiaries, (ii) acquisitions and other investment opportunities, (iii) distributions or loans to VodafoneZiggo (and ultimately to the Shareholders of the VodafoneZiggo JV) or (iv) the satisfaction of contingencies. 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, 2017, our outstanding third-party debt aggregated €10.4 billion, including €625.5 million that is classified as current in our condensed consolidated balance sheet and €9.7 billion that is not due until after 2022. For additional information regarding our current debt maturities, see note 8 to our condensed consolidated financial statements.

As further discussed in note 5 to our condensed consolidated financial statements, we use derivative instruments to mitigate foreign currency and interest rate risk associated with our debt instruments.

Our ability to service or refinance our debt and to maintain compliance with the leverage covenants in our credit agreements and indentures is dependent primarily on our ability to maintain or increase our Covenant EBITDA and to achieve adequate returns on our property and equipment additions and acquisitions. Pursuant to the Shareholders Agreement, we expect to be managed with a net leverage ratio between 4.5 and 5.0 times Covenant EBITDA. In addition, our ability to obtain additional debt financing is limited by the leverage covenants contained in the various debt instruments of our subsidiaries. In this regard, if our Covenant EBITDA were to decline, we could be required to repay or limit our borrowings under the Credit Facility in order to maintain compliance with applicable covenants. No assurance can be given that we would have sufficient sources of liquidity, or that any external funding would be available on favorable terms, or at all, to fund any such required repayment. We do not anticipate any instances of non-compliance with respect to any of our subsidiaries' debt covenants that would have a material adverse impact on our liquidity during the next 12 months.

Notwithstanding our negative working capital position at September 30, 2017, we believe that we have sufficient resources to repay or refinance the current portion of our debt and capital lease obligations and to fund our foreseeable liquidity requirements during the next 12 months. However, as our maturing debt grows in later years, we anticipate that we will seek to refinance or otherwise extend our debt maturities. No assurance can be given that we will be able to complete these refinancing transactions or otherwise extend our debt maturities. In this regard, it is not possible to predict how political and economic conditions, sovereign debt concerns or any adverse regulatory developments could impact the credit markets we access and, accordingly, our future liquidity and financial position. However, (i) the financial failure of any of our counterparties could (a) reduce amounts available under committed credit facilities and (b) adversely impact our ability to access cash deposited with any failed financial institution and (ii) tightening of the credit markets could adversely impact our ability to access debt financing on favorable terms, or at all. In addition, sustained or increased competition, particularly in combination with adverse economic or regulatory developments, could have an unfavorable impact on our cash flows and liquidity.

All of our third-party debt at September 30, 2017 has been borrowed or incurred by our subsidiaries.

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

### **Condensed Consolidated Statements of Cash Flows**

*Summary.* In connection with closing of the JV Transaction, Vodafone NL became an indirect, wholly-owned subsidiary of VodafoneZiggo. Accordingly, and as further described in note 1 to our condensed consolidated financial statements, the cash flows of Vodafone NL are not included in our condensed consolidated statement of cash flows for the nine months ended September 30, 2016.

Our condensed consolidated statements of cash flows for the nine months ended September 30, 2017 and 2016 are summarized as follows (in millions):

	<b>Successor</b>		<b>Predecessor</b>		
	<b>Nine months ended September 30, 2017</b>		<b>Nine months ended September 30, 2016 (a)</b>		
				<b>Change</b>	
Net cash provided by operating activities .....	€	891.2	€	649.3	€ 241.9
Net cash used by investing activities .....		(355.0)		(249.5)	(105.5)
Net cash used by financing activities .....		(207.9)		(412.8)	204.9
Effect of exchange rate changes on cash .....		3.6		0.7	2.9
Net increase (decrease) in cash .....	€	331.9	€	(12.3)	€ 344.2

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

*Operating Activities.* The increase in net cash provided by our operating activities is primarily attributable to an increase in the cash provided by our OCF and related working capital changes resulting from the addition of the Vodafone NL business to our operations.

*Investing Activities.* The increase in net cash used by our investing activities is primarily attributable to an increase in cash used of €117.3 million due to higher capital expenditures resulting from the addition of the Vodafone NL business to our operations.

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

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

	<b>Nine months ended September 30, 2017</b>		<b>Nine months ended September 30, 2016 (a)</b>	
Property and equipment additions .....	€	582.9	€	376.9
Assets acquired under capital-related vendor financing arrangements....		(234.9)		(141.5)
Changes in current liabilities related to capital expenditures .....		10.6		5.9
Capital expenditures .....	€	358.6	€	241.3

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



The increase in our property and equipment additions is primarily attributable to an increase in (i) scalable infrastructure, (ii) expenditures for support capital, such as information technology upgrades and general support systems, (iii) expenditures for the purchase and installation of customer premises equipment and (iv) expenditures for new build and upgrade projects. During the nine months ended September 30, 2017 and 2016, our property and equipment additions represented 19.3% and 20.6% of our revenue, respectively.

*Financing Activities.* The decrease in net cash used by our financing activities is primarily attributable to the net effect of (i) an increase in cash used of €3,286.0 million related to distributions to VodafoneZiggo Group Holding, and ultimately to Liberty Global and Vodafone in accordance with the terms of the Contribution Agreement, (ii) a decrease in cash used of €2,995.2 million related to the release of Escrowed Proceeds from escrow on January 4, 2017, (iii) a decrease in cash used of €350.9 million associated with lower related-party payments, (iv) an increase in cash used of €158.8 million due to higher payments related to derivative instruments, (v) a decrease in cash used related to an increase in net borrowings of third-party debt and (vi) a decrease in cash used due to the receipt of VAT from the Dutch tax authorities.

### **Contractual Commitments**

The following table sets forth the euro equivalents of our commitments as of September 30, 2017:

	<b>Payments due during:</b>							<b>Total</b>
	<b>Remainder of 2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Thereafter</b>	
	<b>in millions</b>							
Debt (excluding interest):								
Third-party .....	€ 117.7	€ 507.8	€ —	€ 71.7	€ —	€ —	€ 9,670.3	€ 10,367.5
Related-party .....	200.0	200.0	200.0	—	—	—	1,400.0	2,000.0
Capital leases (excluding interest) .....	0.2	0.8	0.2	—	—	—	—	1.2
JV Service Agreements (a) .....	54.2	163.7	138.6	128.8	104.2	104.2	90.0	783.7
Programming commitments .....	36.6	106.3	71.5	42.4	10.2	—	—	267.0
Purchase commitments .....	148.2	35.8	1.0	1.0	1.0	—	—	187.0
Network and connectivity commitments .....	13.6	29.6	24.8	22.0	18.6	14.2	56.9	179.7
Operating leases .....	8.5	41.0	31.3	25.6	18.5	10.8	15.7	151.4
Other commitments .....	2.2	17.0	10.5	3.9	2.5	1.3	—	37.4
<b>Total (b) .....</b>	<b>€ 581.2</b>	<b>€ 1,102.0</b>	<b>€ 477.9</b>	<b>€ 295.4</b>	<b>€ 155.0</b>	<b>€ 130.5</b>	<b>€ 11,232.9</b>	<b>€ 13,974.9</b>
Projected cash interest payments on debt and capital lease obligations (c):								
Third-party .....	€ 49.4	€ 442.6	€ 441.9	€ 442.6	€ 439.2	€ 439.1	€ 1,345.2	€ 3,600.0
Related-party .....	27.5	99.0	88.0	77.0	77.0	77.0	311.2	756.7
<b>Total .....</b>	<b>€ 76.9</b>	<b>€ 541.6</b>	<b>€ 529.9</b>	<b>€ 519.6</b>	<b>€ 516.2</b>	<b>€ 516.1</b>	<b>€ 1,656.4</b>	<b>€ 4,356.7</b>

(a) Amounts represent fixed minimum charges from Liberty Global and Vodafone pursuant to the JV Service Agreements. In addition to the fixed minimum charges, the JV Service Agreements provide for certain JV Services to be charged to us based upon usage of the services received. The fixed minimum charges set forth in the table above exclude fees for the usage-based services as these fees will vary from period to period. Accordingly, we expect to incur charges in addition to those set forth in the table above for usage-based services. For additional information concerning the JV Service Agreements, see note 10 to our condensed consolidated financial statements.

(b) The commitments included in this table do not reflect any liabilities that are included in our September 30, 2017 condensed consolidated balance sheet other than debt and capital lease obligations.

(c) Amounts include interest payments on third-party debt and capital lease obligations, as well as estimated interest payments on the Liberty Global Broadband Note and the Vodafone Note. Amounts related to third-party debt are based on interest

rates, interest payment dates, commitment fees and contractual maturities in effect as of September 30, 2017. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments required in future periods. In addition, the amounts presented do not include the impact of our interest rate derivative contracts, deferred financing costs or original issue premiums or discounts.

For additional information concerning our debt and capital lease obligations, see note 8 to our condensed consolidated financial statements. For additional information concerning the Liberty Global Broadband Note and the Vodafone Note, see note 10 to our condensed consolidated financial statements. For information concerning our commitments, see note 12 to our condensed consolidated financial statements.

In addition to the commitments set forth in the table above, we have commitments under (i) derivative instruments and (ii) multiemployer benefit plans, pursuant to which we expect to make payments in future periods. For information regarding our derivative instruments, including the net cash paid or received in connection with these instruments during the nine months ended September 30, 2017 and 2016, see note 5 to our condensed consolidated financial statements.

***Projected Cash Flows Associated with Derivative Instruments***

The following table provides information regarding the projected cash flows associated with our derivative instruments. The euro equivalents presented below are based on interest rates and exchange rates that were in effect as of September 30, 2017. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments required in future periods. For additional information regarding our derivative instruments, including our counterparty credit risk, see note 5 to our condensed consolidated financial statements.

	<b>Payments (receipts) due during:</b>						<b>Total</b>
	<b>Remainder of 2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>Thereafter</b>	
	<b>in millions</b>						
Projected derivative cash payments (receipts), net:							
Interest-related (a) .....	€ 31.4	€ 16.2	€ 13.5	€ 13.8	€ 13.4	€ 63.0	€ 151.3
Principal-related (b).....	—	—	—	—	—	(31.7)	(31.7)
Total .....	<u>€ 31.4</u>	<u>€ 16.2</u>	<u>€ 13.5</u>	<u>€ 13.8</u>	<u>€ 13.4</u>	<u>€ 31.3</u>	<u>€ 119.6</u>

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

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