# UNITED STATES SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**

# Form 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended September 30, 2020**

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from to**

**Commission file number 001-35961**

LIBERTY GLOBAL

# Liberty Global plc

*(Exact name of Registrant as specified in its charter)*

| | |
|---|---|
| **England and Wales** | **98-1112770** |
| *(State or other jurisdiction of incorporation or organization)* | *(I.R.S. Employer Identification No.)* |


**Griffin House**

**161 Hammersmith Rd**

**London**

| | |
|---|---|
| **United Kingdom** | **W6 8BS** |
| *(Address of principal executive offices)* | *(Zip Code)* |

Registrant's telephone number, including area code:
**+44.208.483.6449 or 303.220.6600**


Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Class A ordinary shares | LBTYA | Nasdaq Global Select Market |
| Class B ordinary shares | LBTYB | Nasdaq Global Select Market |
| Class C ordinary shares | LBTYK | Nasdaq Global Select Market |

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☑ Accelerated Filer ☐ Non-Accelerated Filer ☐

Smaller Reporting Company ☐ Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐

Indicate by check mark whether the registrant is a shell company as defined in Rule 12b-2 of the Exchange Act. Yes ☐ No ☑

The number of outstanding ordinary shares of Liberty Global plc as of October 30, 2020 was: 181,312,731 class A ordinary shares, 12,561,444 class B ordinary shares and 389,231,982 class C ordinary shares.

**LIBERTY GLOBAL PLC**

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**LIBERTY GLOBAL PLC**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
**(unaudited)**

| | September 30, 2020 | December 31, 2019 |
|---|---|---|
| | in millions | |
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 3,777.2 | $ 8,142.4 |
| Trade receivables, net | 519.3 | 1,404.8 |
| Short-term investments (measured at fair value on a recurring basis) (note 5) | 2,549.3 | — |
| Derivative instruments (note 6) | 430.7 | 331.1 |
| Other current assets (notes 3, 4 and 5) | 479.0 | 695.0 |
| Total current assets | 7,755.5 | 10,573.3 |
| Investments and related notes receivable (including $1,380.6 million and $1,289.2 million, respectively, measured at fair value on a recurring basis) (note 5) | 5,005.3 | 4,782.0 |
| Property and equipment, net (notes 8 and 10) | 6,286.6 | 13,843.4 |
| Goodwill (note 8) | 6,594.6 | 14,052.1 |
| Deferred tax assets (note 11) | 349.5 | 2,457.4 |
| Assets held for sale (note 4) | 23,271.3 | — |
| Other assets, net (notes 3, 4, 6, 8 and 10) | 1,900.6 | 3,338.1 |
| Total assets | $ 51,163.4 | $ 49,046.3 |

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

**LIBERTY GLOBAL PLC**
**CONDENSED CONSOLIDATED BALANCE SHEETS — (Continued)**
**(unaudited)**

| | September 30, 2020 | December 31, 2019 |
|---|---|---|
| | in millions | |
| **LIABILITIES AND EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 450.1 | $ 963.9 |
| Deferred revenue (note 3) | 299.5 | 834.9 |
| Current portion of debt and finance lease obligations (notes 9 and 10) | 1,832.7 | 3,877.2 |
| Accrued capital expenditures | 193.3 | 405.2 |
| Other accrued and current liabilities (notes 6, 10 and 14) | 1,463.8 | 2,570.5 |
| Total current liabilities | 4,239.4 | 8,651.7 |
| Long-term debt and finance lease obligations (notes 9 and 10) | 10,166.0 | 24,305.3 |
| Liabilities associated with assets held for sale (note 4) | 21,830.0 | — |
| Other long-term liabilities (notes 3, 6, 10, 11 and 14) | 2,163.0 | 2,890.7 |
| Total liabilities | 38,398.4 | 35,847.7 |
| | | |
| Commitments and contingencies (notes 6, 9, 11 and 16) | | |
| | | |
| Equity (note 12): | | |
| Liberty Global shareholders: | | |
| Class A ordinary shares, $0.01 nominal value. Issued and outstanding 180,998,492 shares and 181,560,735 shares, respectively | 1.8 | 1.8 |
| Class B ordinary shares, $0.01 nominal value. Issued and outstanding 12,561,444 shares and 12,151,526 shares, respectively | 0.1 | 0.1 |
| Class C ordinary shares, $0.01 nominal value. Issued and outstanding 390,198,924 shares and 438,867,447 shares, respectively | 3.9 | 4.4 |
| Additional paid-in capital | 5,312.2 | 6,136.9 |
| Accumulated earnings | 5,722.6 | 6,350.4 |
| Accumulated other comprehensive earnings, net of taxes | 2,055.2 | 1,112.7 |
| Treasury shares, at cost | (0.1) | (0.1) |
| Total Liberty Global shareholders | 13,095.7 | 13,606.2 |
| Noncontrolling interests | (330.7) | (407.6) |
| Total equity | 12,765.0 | 13,198.6 |
| Total liabilities and equity | $ 51,163.4 | $ 49,046.3 |

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

**LIBERTY GLOBAL PLC**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**
**(unaudited)**

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| | in millions, except per share amounts | | | |
| Revenue (notes 3, 4, 5 and 17) | $ 2,954.5 | $ 2,840.9 | $ 8,553.2 | $ 8,559.3 |
| Operating costs and expenses (exclusive of depreciation and amortization, shown separately below): | | | | |
| Programming and other direct costs of services | 820.3 | 801.8 | 2,390.4 | 2,388.5 |
| Other operating (note 13) | 471.7 | 399.7 | 1,292.9 | 1,236.9 |
| Selling, general and administrative (**SG&A**) (note 13) | 557.7 | 501.7 | 1,565.3 | 1,576.5 |
| Depreciation and amortization | 458.5 | 892.9 | 1,787.7 | 2,754.3 |
| Impairment, restructuring and other operating items, net (note 14) | (15.8) | 36.0 | 47.4 | 140.1 |
| | 2,292.4 | 2,632.1 | 7,083.7 | 8,096.3 |
| Operating income | 662.1 | 208.8 | 1,469.5 | 463.0 |
| Non-operating income (expense): | | | | |
| Interest expense | (279.8) | (340.1) | (874.8) | (1,071.0) |
| Realized and unrealized gains (losses) on derivative instruments, net (note 6) | (717.8) | 582.1 | 199.8 | 652.2 |
| Foreign currency transaction gains (losses), net | (755.7) | 54.2 | (842.0) | 165.8 |
| Realized and unrealized gains (losses) due to changes in fair values of certain investments and debt, net (notes 5, 7 and 9) | (21.5) | 56.4 | (399.0) | (90.5) |
| Losses on debt extinguishment, net (note 9) | (0.3) | (48.5) | (220.4) | (97.3) |
| Share of results of affiliates, net (note 5) | (27.1) | (32.8) | (99.1) | (173.0) |
| Other income, net | 5.3 | 36.3 | 67.2 | 75.3 |
| | (1,796.9) | 307.6 | (2,168.3) | (538.5) |
| Earnings (loss) from continuing operations before income taxes | (1,134.8) | 516.4 | (698.8) | (75.5) |
| Income tax benefit (note 11) | 161.2 | 70.8 | 239.1 | 16.2 |
| Earnings (loss) from continuing operations | (973.6) | 587.2 | (459.7) | (59.3) |
| Discontinued operations (note 4): | | | | |
| Earnings from discontinued operations, net of taxes | — | 92.2 | — | 730.3 |
| Gain on disposal of discontinued operations, net of taxes | — | 12,205.7 | — | 12,312.3 |
| | — | 12,297.9 | — | 13,042.6 |
| Net earnings (loss) | (973.6) | 12,885.1 | (459.7) | 12,983.3 |
| Net earnings attributable to noncontrolling interests | (49.5) | (37.2) | (137.8) | (75.4) |
| Net earnings (loss) attributable to Liberty Global shareholders | $ (1,023.1) | $ 12,847.9 | $ (597.5) | $ 12,907.9 |
| | | | | |
| Basic and diluted earnings (loss) from continuing operations attributable to Liberty Global shareholders per share (note 15) | $ (1.73) | $ 0.77 | $ (0.98) | $ (0.18) |

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

**LIBERTY GLOBAL PLC**
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS**
**(unaudited)**

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | in millions | | | |
| Net earnings (loss) | $ (973.6) | $ 12,885.1 | $ (459.7) | $ 12,983.3 |
| Other comprehensive earnings (loss), net of taxes: | | | | |
| Continuing operations: | | | | |
| Foreign currency translation adjustments | 1,378.8 | (599.7) | 954.5 | (741.2) |
| Pension-related adjustments and other | (0.4) | (0.3) | (18.7) | (1.1) |
| Other comprehensive earnings (loss) from continuing operations | 1,378.4 | (600.0) | 935.8 | (742.3) |
| Other comprehensive earnings from discontinued operations (note 4) | — | 60.0 | — | 61.0 |
| Other comprehensive earnings (loss) | 1,378.4 | (540.0) | 935.8 | (681.3) |
| Comprehensive earnings | 404.8 | 12,345.1 | 476.1 | 12,302.0 |
| Comprehensive earnings attributable to noncontrolling interests | (49.5) | (37.2) | (131.1) | (75.8) |
| Comprehensive earnings attributable to Liberty Global shareholders | $ 355.3 | $ 12,307.9 | $ 345.0 | $ 12,226.2 |

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

## LIBERTY GLOBAL PLC
## CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
## (unaudited)

| | Liberty Global shareholders | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Ordinary shares | | | | | | | | | |
| | Class A | Class B | Class C | Additional paid-in capital | Accumulated earnings (deficit) | Accumulated other comprehensive earnings (loss), net of taxes | Treasury shares, at cost | Total Liberty Global shareholders | Non-controlling interests | Total equity |
| | in millions | | | | | | | | | |
| Balance at January 1, 2019, before effect of accounting change | $ 2.0 | $ 0.1 | $ 5.3 | $9,214.5 | $ (5,172.2) | $ 631.8 | $ (0.1) | $ 4,681.4 | $ (533.1) | $ 4,148.3 |
| Impact of ASU No. 2016-02, *Leases* | — | — | — | — | 1.2 | — | — | 1.2 | — | 1.2 |
| Balance at January 1, 2019, as adjusted for accounting change | 2.0 | 0.1 | 5.3 | 9,214.5 | (5,171.0) | 631.8 | (0.1) | 4,682.6 | (533.1) | 4,149.5 |
| Net earnings | — | — | — | — | 7.0 | — | — | 7.0 | 8.7 | 15.7 |
| Other comprehensive loss, net of taxes | — | — | — | — | — | (135.2) | — | (135.2) | 0.2 | (135.0) |
| Repurchases and cancellations of Liberty Global ordinary shares | — | — | (0.1) | (214.0) | — | — | — | (214.1) | — | (214.1) |
| Repurchases by Telenet of its outstanding shares | — | — | — | (68.2) | — | — | — | (68.2) | 11.3 | (56.9) |
| Share-based compensation (note 13) | — | — | — | 55.6 | — | — | — | 55.6 | — | 55.6 |
| Adjustments due to changes in subsidiaries' equity and other, net | — | — | — | 32.4 | — | — | — | 32.4 | 2.4 | 34.8 |
| Balance at March 31, 2019 | 2.0 | 0.1 | 5.2 | 9,020.3 | (5,164.0) | 496.6 | (0.1) | 4,360.1 | (510.5) | 3,849.6 |
| Net earnings | — | — | — | — | 53.0 | — | — | 53.0 | 29.5 | 82.5 |
| Other comprehensive loss, net of taxes | — | — | — | — | — | (6.5) | — | (6.5) | 0.2 | (6.3) |
| Repurchases and cancellations of Liberty Global ordinary shares | — | — | (0.1) | (288.3) | — | — | — | (288.4) | — | (288.4) |
| Share-based compensation (note 13) | — | — | — | 70.0 | — | — | — | 70.0 | — | 70.0 |
| Repurchases by Telenet of its outstanding shares | — | — | — | (66.3) | — | — | — | (66.3) | 9.1 | (57.2) |
| Adjustments due to changes in subsidiaries' equity and other, net | — | — | — | 11.6 | — | — | — | 11.6 | 8.9 | 20.5 |
| Balance at June 30, 2019 | 2.0 | 0.1 | 5.1 | 8,747.3 | (5,111.0) | 490.1 | (0.1) | 4,133.5 | (462.8) | 3,670.7 |
| Net earnings | — | — | — | — | 12,847.9 | — | — | 12,847.9 | 37.2 | 12,885.1 |
| Other comprehensive loss, net of taxes | — | — | — | — | — | (540.0) | — | (540.0) | — | (540.0) |
| Repurchases and cancellations of Liberty Global ordinary shares | (0.2) | — | (0.7) | (2,714.9) | — | — | — | (2,715.8) | — | (2,715.8) |
| Share-based compensation (note 13) | — | — | — | 61.7 | — | — | — | 61.7 | — | 61.7 |
| Adjustments due to changes in subsidiaries' equity and other, net | — | — | — | — | — | — | — | — | (0.1) | (0.1) |
| Balance at September 30, 2019 | $ 1.8 | $ 0.1 | $ 4.4 | $6,094.1 | $ 7,736.9 | $ (49.9) | $ (0.1) | $ 13,787.3 | $ (425.7) | $13,361.6 |

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

**LIBERTY GLOBAL PLC**
**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY — (Continued)**
**(unaudited)**

| | Liberty Global shareholders | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Ordinary shares | | | | | | | | | |
| | Class A | Class B | Class C | Additional paid-in capital | Accumulated earnings | Accumulated other comprehensive earnings, net of taxes | Treasury shares, at cost | Total Liberty Global shareholders | Non-controlling interests | Total equity |
| | in millions | | | | | | | | | |
| Balance at January 1, 2020, before effect of accounting change | $ 1.8 | $ 0.1 | $ 4.4 | $6,136.9 | $ 6,350.4 | $ 1,112.7 | $ (0.1) | $ 13,606.2 | $ (407.6) | $13,198.6 |
| Impact of ASU No. 2016-13 (note 2) | — | — | — | — | (30.3) | — | — | (30.3) | 0.2 | (30.1) |
| Balance at January 1, 2020, as adjusted for accounting change | 1.8 | 0.1 | 4.4 | 6,136.9 | 6,320.1 | 1,112.7 | (0.1) | 13,575.9 | (407.4) | 13,168.5 |
| Net earnings | — | — | — | — | 949.8 | — | — | 949.8 | 67.9 | 1,017.7 |
| Other comprehensive loss, net of taxes | — | — | — | — | — | (1,072.5) | — | (1,072.5) | (0.7) | (1,073.2) |
| Repurchases and cancellations of Liberty Global ordinary shares (note 12) | — | — | (0.1) | (224.3) | — | — | — | (224.4) | — | (224.4) |
| Share-based compensation (note 13) | — | — | — | 46.1 | — | — | — | 46.1 | — | 46.1 |
| Repurchases by Telenet of its outstanding shares | — | — | — | (45.3) | — | — | — | (45.3) | 7.2 | (38.1) |
| Adjustments due to changes in subsidiaries' equity and other, net | — | — | — | 14.5 | — | — | — | 14.5 | 1.1 | 15.6 |
| Balance at March 31, 2020 | 1.8 | 0.1 | 4.3 | 5,927.9 | 7,269.9 | 40.2 | (0.1) | 13,244.1 | (331.9) | 12,912.2 |
| Net loss | — | — | — | — | (524.2) | — | — | (524.2) | 20.4 | (503.8) |
| Other comprehensive earnings, net of taxes | — | — | — | — | — | 636.6 | — | 636.6 | (6.0) | 630.6 |
| Repurchases and cancellations of Liberty Global ordinary shares (note 12) | — | — | (0.3) | (475.5) | — | — | — | (475.8) | — | (475.8) |
| Share-based compensation (note 13) | — | — | — | 69.5 | — | — | — | 69.5 | — | 69.5 |
| Adjustments due to changes in subsidiaries' equity and other, net | — | — | — | (16.2) | — | — | — | (16.2) | (66.0) | (82.2) |
| Balance at June 30, 2020 | 1.8 | 0.1 | 4.0 | 5,505.7 | 6,745.7 | 676.8 | (0.1) | 12,934.0 | (383.5) | 12,550.5 |
| Net loss | — | — | — | — | (1,023.1) | — | — | (1,023.1) | 49.5 | (973.6) |
| Other comprehensive earnings, net of taxes | — | — | — | — | — | 1,378.4 | — | 1,378.4 | — | 1,378.4 |
| Repurchases and cancellations of Liberty Global ordinary shares (note 12) | — | — | (0.1) | (278.9) | — | — | — | (279.0) | — | (279.0) |
| Share-based compensation (note 13) | — | — | — | 84.8 | — | — | — | 84.8 | — | 84.8 |
| Adjustments due to changes in subsidiaries' equity and other, net | — | — | — | 0.6 | — | — | — | 0.6 | 3.3 | 3.9 |
| Balance at September 30, 2020 | $ 1.8 | $ 0.1 | $ 3.9 | $5,312.2 | $ 5,722.6 | $ 2,055.2 | $ (0.1) | $ 13,095.7 | $ (330.7) | $12,765.0 |

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

**LIBERTY GLOBAL PLC**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(unaudited)**

| | Nine months ended September 30, 2020 | Nine months ended September 30, 2019 |
|---|---|---|
| | in millions | |
| Cash flows from operating activities: | | |
| Net earnings (loss) | $ (459.7) | $ 12,983.3 |
| Earnings from discontinued operations | — | 13,042.6 |
| Loss from continuing operations | (459.7) | (59.3) |
| Adjustments to reconcile loss from continuing operations to net cash provided by operating activities of continuing operations: | | |
| Share-based compensation expense | 243.4 | 228.3 |
| Depreciation and amortization | 1,787.7 | 2,754.3 |
| Impairment, restructuring and other operating items, net | 47.4 | 140.1 |
| Amortization of deferred financing costs and non-cash interest | 34.4 | 40.5 |
| Realized and unrealized gains on derivative instruments, net | (199.8) | (652.2) |
| Foreign currency transaction losses (gains), net | 842.0 | (165.8) |
| Realized and unrealized losses due to changes in fair values of certain investments and debt, net | 399.0 | 90.5 |
| Losses on debt extinguishment, net | 220.4 | 97.3 |
| Share of results of affiliates, net | 99.1 | 173.0 |
| Deferred income tax benefit | (102.3) | (209.8) |
| Changes in operating assets and liabilities, net of the effects of acquisitions and dispositions | (329.4) | (292.6) |
| Dividends from affiliates and others | 110.1 | 75.9 |
| Net cash provided by operating activities of continuing operations | 2,692.3 | 2,220.2 |
| Net cash provided by operating activities of discontinued operations | — | 871.3 |
| Net cash provided by operating activities | 2,692.3 | 3,091.5 |
| | | |
| Cash flows from investing activities: | | |
| Cash paid for investments | (6,987.4) | (216.5) |
| Cash received from sale of investments | 3,766.3 | 27.6 |
| Capital expenditures, net | (960.5) | (900.1) |
| Cash released from (used to fund) the Vodafone Escrow Accounts, net | 17.3 | (306.5) |
| Proceeds received upon disposition of discontinued operations, net | — | 11,219.9 |
| Other investing activities, net | (8.2) | (15.1) |
| Net cash provided (used) by investing activities of continuing operations | (4,172.5) | 9,809.3 |
| Net cash used by investing activities of discontinued operations | — | (266.4) |
| Net cash provided (used) by investing activities | $ (4,172.5) | $ 9,542.9 |

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

**LIBERTY GLOBAL PLC**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)**
**(unaudited)**

| | Nine months ended September 30, | |
|---|---|---|
| | 2020 | 2019 |
| | in millions | |
| Cash flows from financing activities: | | |
| Borrowings of debt | $ 11,075.3 | $ 4,276.1 |
| Repayments and repurchases of debt and finance lease obligations | (9,469.4) | (7,444.6) |
| Repurchases of Liberty Global ordinary shares | (975.7) | (3,212.5) |
| Payment of financing costs and debt premiums | (229.8) | (91.7) |
| Net cash received related to derivative instruments | 72.6 | 136.9 |
| Repurchases by Telenet of its outstanding shares | (38.1) | (114.1) |
| Other financing activities, net | (86.7) | 15.1 |
| Net cash provided (used) by financing activities of continuing operations | 348.2 | (6,434.8) |
| Net cash used by financing activities of discontinued operations | — | (254.3) |
| Net cash provided (used) by financing activities | 348.2 | (6,689.1) |
| Effect of exchange rate changes on cash and cash equivalents and restricted cash: | | |
| Continuing operations | 20.2 | (32.6) |
| Discontinued operations | — | (1.2) |
| Total | 20.2 | (33.8) |
| Net increase (decrease) in cash and cash equivalents and restricted cash: | | |
| Continuing operations | (1,111.8) | 5,562.1 |
| Discontinued operations | — | 349.4 |
| Total | $ (1,111.8) | $ 5,911.5 |
| Cash and cash equivalents and restricted cash: | | |
| Beginning of period | $ 8,180.9 | $ 1,498.3 |
| Net increase (decrease) | (1,111.8) | 5,911.5 |
| End of period | $ 7,069.1 | $ 7,409.8 |
| Cash paid for interest: | | |
| Continuing operations | $ 914.8 | $ 1,198.0 |
| Discontinued operations | — | 361.5 |
| Total | $ 914.8 | $ 1,559.5 |
| Net cash paid for taxes: | | |
| Continuing operations | $ 197.4 | $ 288.3 |
| Discontinued operations | — | 135.9 |
| Total | $ 197.4 | $ 424.2 |
| Details of end of period cash and cash equivalents and restricted cash: | | |
| Cash and cash equivalents | $ 3,777.2 | $ 7,382.0 |
| Restricted cash included in assets held for sale | 3,284.9 | — |
| Restricted cash included in other current assets and other assets, net | 7.0 | 27.8 |
| Total cash and cash equivalents and restricted cash | $ 7,069.1 | $ 7,409.8 |

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

## (1) Basis of Presentation

Liberty Global plc (**Liberty Global**) is a public limited company organized under the laws of England and Wales. In these notes, the terms "we," "our," "our company" and "us" may refer, as the context requires, to Liberty Global or collectively to Liberty Global and its subsidiaries. We are an international provider of broadband internet, video, fixed-line telephony and mobile communications services to residential customers and businesses in Europe.

Our continuing operations comprise businesses that provide residential and business-to-business (**B2B**) communications services in (i) the United Kingdom (**U.K.**) and Ireland through Virgin Media Inc. (**Virgin Media**), a wholly-owned subsidiary of Liberty Global, (ii) Belgium through Telenet Group Holding N.V. (**Telenet**), a 60.8%-owned subsidiary of Liberty Global, and (iii) Switzerland, Poland and Slovakia through various wholly-owned subsidiaries that we collectively refer to as "**UPC Holding**." In addition, we own a 50% noncontrolling interest in a 50:50 joint venture between Vodafone Group plc (**Vodafone**) and Liberty Global (the **VodafoneZiggo JV**), which provides residential and B2B communication services in the Netherlands.

Effective May 7, 2020, in connection with the pending formation of the U.K. JV (as defined in note 4), we began accounting for the U.K. JV Entities (as defined in note 4) as held for sale. Accordingly, the assets and liabilities of the U.K. JV Entities are included in assets held for sale and liabilities associated with assets held for sale, respectively, on our September 30, 2020 condensed consolidated balance sheet. Consistent with the applicable guidance, we have not reflected similar reclassifications in our condensed consolidated statements of operations or cash flows. For additional information, see note 4.

Through July 31, 2019, we provided residential and B2B communication services in (i) Germany through Unitymedia GmbH (**Unitymedia)** and (ii) Hungary, the Czech Republic and Romania through UPC Holding B.V. In addition, through May 2, 2019, we provided direct-to-home satellite (**DTH**) services to residential customers in Hungary, the Czech Republic, Romania and Slovakia through a Luxembourg-based subsidiary of UPC Holding B.V. that we refer to as "**UPC DTH**." Accordingly, in the accompanying condensed consolidated statements of operations and cash flows, our operations in Germany, Romania, Hungary and the Czech Republic and the operations of UPC DTH are presented as discontinued operations for all applicable periods. For additional information regarding these dispositions, see note 4.

Unless otherwise indicated, the amounts presented in these notes relate only to our continuing operations.

Our unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (**GAAP**) and with the instructions to Form 10-Q and Article 10 of Regulation S-X for interim financial information. Accordingly, these financial statements do not include all of the information required by GAAP or Securities and Exchange Commission rules and regulations for complete financial statements. In the opinion of management, these financial statements reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the results of operations for the interim periods presented. The results of operations for any interim period are not necessarily indicative of results for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with our 2019 consolidated financial statements and notes thereto included in our 2019 Annual Report on Form 10-K, as amended (our **10-K**).

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

Unless otherwise indicated, ownership percentages and convenience translations into United States (**U.S.**) dollars are calculated as of September 30, 2020.

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

## (2) <u>Accounting Changes and Recent Accounting Pronouncements</u>

### ***Accounting Changes***

*ASU 2018-15*

In August 2018, the Financial Accounting Standards Board (**FASB**) issued Accounting Standards Update (**ASU**) No. 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract* (**ASU 2018-15**), which requires entities to defer implementation costs incurred that are related to the application development stage in a cloud computing arrangement that is a service contract. ASU 2018-15 requires deferred implementation costs to be amortized over the term of the cloud computing arrangement and presented in the same expense line item as the cloud computing arrangement. All other implementation costs are generally expensed as incurred. We adopted ASU 2018-15 on January 1, 2020 on a prospective basis. As a result of the adoption of ASU 2018-15, (i) certain implementation costs that were previously expensed as incurred are now deferred as prepaid expenses and amortized over the term of the cloud computing arrangement and (ii) certain costs associated with developing interfaces between a cloud computing arrangement and internal-use software that were previously capitalized as property and equipment are now deferred as prepaid expenses and amortized over the term of the cloud computing arrangement. The adoption of ASU 2018-15 did not have a significant impact on our consolidated financial statements.

*ASU 2019-02*

In March 2019, the FASB issued ASU No. 2019-02, *Improvements to Accounting for Costs of Films and License Agreements for Program Materials* (**ASU 2019-02**), which aligns the accounting for production costs of an episodic television series with the accounting for production costs of films. ASU 2019-02 removes the existing constraint that restricts capitalization of production costs to contracted revenue for episodic television series. The amended guidance also permits entities to test a film or license agreement for impairment at the film group level, addresses cash flow classification and provides new disclosure requirements. We adopted ASU 2019-02 on January 1, 2020 on a prospective basis. The adoption of ASU 2019-02 did not have a significant impact on our consolidated financial statements.

*ASU 2016-13*

In June 2016, the FASB issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Statements* (**ASU 2016-13**), which changes the recognition model for credit losses related to assets held at amortized cost. ASU 2016-13 eliminates the threshold that a loss must be considered probable to recognize a credit loss and instead requires an entity to reflect its current estimate of lifetime expected credit losses. We adopted ASU 2016-13 on January 1, 2020 on a modified retrospective basis by recording a cumulative effect adjustment of $30.3 million to our accumulated earnings related to increases to our allowances for certain trade and notes receivable.

### ***Recent Accounting Pronouncements***

*ASU 2019-12*

In December 2019, the FASB issued ASU No. 2019-12, *Simplifying the Accounting for Income Taxes (*__ASU 2019-12__), which is intended to improve consistency and simplify several areas of existing guidance. ASU 2019-12 removes certain exceptions to the general principles related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The new guidance also clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. ASU 2019-12 is effective for annual reporting periods beginning after December 15, 2020, including interim periods within those fiscal years, with early adoption permitted. We do not expect the adoption of ASU 2019-12 to have a significant impact on our consolidated financial statements.

## (3) Revenue Recognition and Related Costs

***Contract Balances***

The timing of our recognition of revenue may differ from the timing of invoicing our customers. We record a trade receivable when we have transferred goods or services to a customer but have not yet received payment. Our trade receivables are reported net of an allowance for doubtful accounts. Such allowance aggregated $27.9 million and $42.8 million at September 30, 2020 and December 31, 2019, respectively.

If we transfer goods or services to a customer but do not have an unconditional right to payment, we record a contract asset. Contract assets typically arise from the uniform recognition of introductory promotional discounts over the contract period and accrued revenue for handset sales. Our contract assets were $13.8 million and $30.6 million as of September 30, 2020 and December 31, 2019, respectively. The current and long-term portions of our contract asset balances are included within other current assets and other assets, net, respectively, on our condensed consolidated balance sheets.

We record deferred revenue when we receive payment prior to transferring goods or services to a customer. We primarily defer revenue for (i) installation and other upfront services and (ii) other services that are invoiced prior to when services are provided. Our deferred revenue balances were $306.1 million and $867.1 million as of September 30, 2020 and December 31, 2019, respectively. The decrease in deferred revenue for the nine months ended September 30, 2020 is primarily due to the net effect of (a) the recognition of $710.9 million of revenue that was included in our deferred revenue balance at December 31, 2019, (b) $463.7 million of deferred revenue related to the U.K. JV Entities that was reclassified to liabilities associated with assets held for sale and (c) advanced billings in certain markets. The long-term portions of our deferred revenue balances are included within other long-term liabilities on our condensed consolidated balance sheets.

***Contract Costs***

Our aggregate assets associated with incremental costs to obtain and fulfill our contracts were $47.4 million and $92.6 million at September 30, 2020 and December 31, 2019, respectively. The current and long-term portions of our assets related to contract costs are included within other current assets and other assets, net, respectively, on our condensed consolidated balance sheets. We amortized $29.4 million and $99.0 million during the three and nine months ended September 30, 2020, respectively, and $24.7 million and $73.4 million during the three and nine months ended September 30, 2019, respectively, to operating costs and expenses related to these assets.

***Unsatisfied Performance Obligations***

A large portion of our revenue is derived from customers who are not subject to contracts. Revenue from customers who are subject to contracts is generally recognized over the term of such contracts, which is typically 12 months for our residential service contracts, one to three years for our mobile service contracts and one to five years for our B2B service contracts.

## (4) Acquisitions and Dispositions

***Pending Joint Venture Transaction***

On May 7, 2020, we entered into a Contribution Agreement (the **Contribution Agreement**) with, among others, Telefonica SA (**Telefonica**). Pursuant to the Contribution Agreement, Liberty Global and Telefonica agreed to form a 50:50 joint venture (the **U.K. JV**), which will combine Virgin Media's operations in the U.K. along with certain other Liberty Global subsidiaries created as a result of the pending U.K. JV (together, the **U.K. JV Entities**) with Telefonica's mobile business in the U.K. to create a nationwide integrated communications provider. In our segment presentation, the U.K. JV Entities are included in our U.K./Ireland segment.

In connection with the transaction, we have completed certain recapitalization financings, as described in note 9. The outstanding third-party debt associated with the U.K. JV Entities will be contributed in full to the U.K. JV, and Telefonica's business in the U.K. will be contributed on a debt-free basis. The transaction will not trigger a change of control under Virgin Media's debt agreements.

Effectively all of Liberty Global's U.K. tax capital allowances and tax loss carryforwards, which primarily resulted from prior infrastructure investments, reside in the U.K. JV Entities and, therefore, will be available for use solely within the U.K. JV upon the closing of the transaction.

At closing, we expect to pay Telefonica an equalization payment estimated to be approximately £2.5 billion ($3.2 billion), as adjusted for debt and debt-like items and certain working capital and other adjustments. After taking into account the recapitalizations and the equalization payment, Liberty Global is expected to receive an estimated £1.4 billion ($1.8 billion) in total, including approximately £800 million ($1.0 billion) from the recapitalization of Virgin Media's retained and 100.0% owned Ireland business.

Pursuant to the framework agreement that we expect to enter into in connection with the closing of the U.K. JV, our company and Telefonica will provide certain services to the U.K. JV. The annual charges to the U.K. JV will ultimately depend on the actual level of services required by the U.K. JV.

The U.K. JV intends to distribute available cash to the shareholders periodically and is expected to undertake periodic further recapitalizations, subject to market and operating conditions, to maintain a target net leverage ratio ranging between 4.0 and 5.0 times EBITDA (as defined in the applicable shareholders' agreement). Our company will retain the cash generated by the operations of the U.K. JV Entities through the closing date and is required to fund any deficit in the associated defined pension plans that arises from the next triennial actuarial valuation.

The consummation of the transaction contemplated by the Contribution Agreement is subject to certain conditions, including competition clearance by the applicable regulatory authorities. The Contribution Agreement also includes customary termination rights, including a right of the parties to terminate the agreement if the transaction has not closed within 24 months following the date of the Contribution Agreement, which may be extended by six months under certain circumstances. Following completion of the transaction, we expect to account for our 50% interest in the U.K. JV as an equity method investment.

Effective with the signing of the Contribution Agreement, we began accounting for the U.K. JV Entities as held for sale. Accordingly, we ceased to depreciate or amortize the long-lived assets of the U.K. JV Entities. We have not presented the U.K. JV Entities as a discontinued operation as this transaction does not represent a strategic shift that will have a major effect on our financial results or operations. The carrying amounts of the major classes of assets and liabilities that are classified as held for sale at September 30, 2020 are summarized below (in millions):

| | |
|---|---|
| Assets: | |
| Current assets (a) | $ 4,324.2 |
| Property and equipment, net | 7,786.4 |
| Goodwill | 7,489.3 |
| Other assets, net | 3,671.4 |
| Total assets | $ 23,271.3 |
| | |
| Liabilities: | |
| Current portion of debt and finance lease obligations | $ 2,369.9 |
| Other accrued and current liabilities | 1,916.3 |
| Long-term debt and finance lease obligations | 16,364.7 |
| Other long-term liabilities | 1,179.1 |
| Total liabilities | $ 21,830.0 |

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(a) Amount includes restricted cash, but excludes cash and cash equivalents, as the cash and cash equivalents of the U.K. JV Entities will be retained by Liberty Global upon the formation of the U.K. JV and are therefore not classified as held for sale.

***Pending Acquisition***

*Sunrise Acquisition.* On August 12, 2020, we entered into a transaction agreement (the **Sunrise Transaction Agreement**) with Sunrise Communications Group AG (**Sunrise**), to launch a tender offer (the **Offer**) to acquire all of the outstanding shares of Sunrise (the **Sunrise Shares**) (the **Sunrise Acquisition**). The per share consideration for the tendered Sunrise Shares will be CHF 110 per share in cash, for a total estimated purchase price of CHF 5.0 billion ($5.4 billion) based on the total number of outstanding Sunrise Shares as of August 11, 2020.

The consummation of the Offer contemplated by the Sunrise Transaction Agreement is subject to certain conditions, including (i) the tender of such number of Sunrise Shares that represent, when combined with any Sunrise Shares that Liberty Global and its subsidiaries own, at least 66 2/3% of the fully diluted share capital of Sunrise and (ii) regulatory approval from the applicable merger control authorities. On November 2, 2020, Liberty Global announced the definitive end results of the Offer, whereby 96.6% of the fully diluted share capital of Sunrise had been tendered. Subsequent to the settlement of the Offer, we intend to initiate a “squeeze-out” procedure in order to acquire any remaining Sunrise Shares. It is anticipated that the Sunrise Acquisition will close during the fourth quarter of 2020.

The Sunrise Transaction Agreement also contains certain termination rights. The Sunrise Transaction Agreement obligates Sunrise to pay our company a termination fee of CHF 50.0 million ($54.3 million) upon termination of the Sunrise Transaction Agreement for certain events.

The Offer will be funded through (i) available borrowings of up to CHF 3.2 billion ($3.5 billion) under new term loan facilities, including amounts expected to be used to refinance Sunrise’s existing debt (CHF 1.7 billion ($1.8 billion) principal amount as of June 30, 2020, excluding lease obligations), and (ii) existing liquidity of Liberty Global. For additional information regarding financing arrangements entered into by UPC Holding in connection with the Sunrise Acquisition, see note 9.

***2019 Acquisition***

*De Vijver Media.* Prior to June 3, 2019, Telenet owned a 50.0% equity method investment in De Vijver Media NV (**De Vijver Media**), which provides content production, broadcasting and advertising services in Belgium. On June 3, 2019, Telenet acquired the remaining 50.0% ownership interest in De Vijver Media (the **De Vijver Media Acquisition**) for cash consideration of €52.5 million ($58.9 million at the transaction date) after post-closing adjustments.

***Dispositions***

*Vodafone Disposal Group.* On July 31, 2019, we completed the sale of our operations in Germany, Romania, Hungary and the Czech Republic to Vodafone. The operations of Germany, Romania, Hungary and the Czech Republic are collectively referred to herein as the “**Vodafone Disposal Group**.” After considering debt and working capital adjustments (including cash disposed) and €183.7 million ($205.8 million at the transaction date) of cash paid by our company to settle centrally-held vendor financing obligations associated with the Vodafone Disposal Group, we received net cash proceeds of €10.0 billion ($11.1 billion at the applicable rates). Pursuant to the agreement underlying the sale of the Vodafone Disposal Group, we transferred cash to fund certain third-party escrow accounts (the **Vodafone Escrow Accounts**) pending the fulfillment by our company of certain terms of the agreement. The current and long-term portions of the receivables associated with the Vodafone Escrow Accounts are included in “other current assets” and “other assets, net”, respectively, on our condensed consolidated balance sheets. The aggregate balance of the Vodafone Escrow Accounts was $277.9 million and $295.2 million at September 30, 2020 and December 31, 2019, respectively.

In connection with the sale of the Vodafone Disposal Group, we have agreed to provide certain transitional services to Vodafone for a period of up to four years. These services principally comprise network and information technology-related functions. During the nine months ended September 30, 2020 and 2019, we recorded revenue of $116.3 million and $25.5 million, respectively, associated with these transitional services.

For information regarding certain tax indemnities we provided in connection with the sale of the Vodafone Disposal Group, see note 16.

*UPC DTH.* On May 2, 2019, we completed the sale of UPC DTH to M7 Group (**M7**). After considering debt and working capital adjustments (including cash disposed), we received net cash proceeds of €128.9 million ($144.1 million at the applicable dates).

In connection with the sale of UPC DTH, we have agreed to provide certain transitional services to M7 for a period of up to two years. These services principally comprise network and information technology-related functions. During the nine months ended September 30, 2020 and 2019, we recorded revenue of $1.5 million and $0.9 million, respectively, associated with these transitional services.

***Presentation of Discontinued Operations***

The operations of the Vodafone Disposal Group and UPC DTH are presented as discontinued operations in our condensed consolidated statements of operations and cash flows for the three and nine months ended September 30, 2019, as applicable, and are summarized in the following tables. These amounts exclude intercompany revenue and expenses that are eliminated within our condensed consolidated statement of operations. For information regarding our basic and diluted weighted average ordinary shares outstanding, see note 15.

| | Vodafone Disposal Group (a) |
|---|---|
| | in millions, except per share amount |
| *Three months ended September 30, 2019* | |
| Revenue | $ 290.3 |
| Operating income | $ 156.1 |
| Earnings before income taxes | $ 127.4 |
| Income tax expense | (35.2) |
| Net earnings attributable to Liberty Global shareholders | $ 92.2 |
| Basic and diluted earnings from discontinued operations attributable to Liberty Global shareholders per share | $ 0.13 |

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(a) Includes the operating results of the Vodafone Disposal Group through July 31, 2019, the date the Vodafone Disposal Group was sold.

| | Vodafone Disposal Group (a) | UPC DTH (b) | Total |
|---|---|---|---|
| | in millions, except per share amount | | |
| *Nine months ended September 30, 2019* | | | |
| Revenue | $ 2,017.9 | $ 36.7 | $ 2,054.6 |
| Operating income | $ 1,165.6 | $ 10.7 | $ 1,176.3 |
| Earnings before income taxes | $ 994.7 | $ 9.5 | $ 1,004.2 |
| Income tax expense | (273.9) | — | (273.9) |
| Net earnings attributable to Liberty Global shareholders | $ 720.8 | $ 9.5 | $ 730.3 |
| Basic and diluted earnings from discontinued operations attributable to Liberty Global shareholders per share | | | $ 1.00 |

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(a) Includes the operating results of the Vodafone Disposal Group through July 31, 2019, the date the Vodafone Disposal Group was sold.

(b) Includes the operating results of UPC DTH through May 2, 2019, the date UPC DTH was sold.

## (5) Investments

The details of our investments are set forth below:

| Accounting Method | September 30, 2020 | December 31, 2019 |
|---|---|---|
| | in millions | |
| Equity (a): | | |
| Long-term: | | |
| VodafoneZiggo JV (b) | $ 3,241.5 | $ 3,174.1 |
| All3Media Group (**All3Media**) | 125.0 | 172.8 |
| Formula E Holdings Ltd (**Formula E**) | 93.4 | 105.2 |
| Other | 164.8 | 40.7 |
| Total — equity | 3,624.7 | 3,492.8 |
| Fair value: | | |
| Short-term: | | |
| Separately-managed accounts (**SMAs**) (c) | 2,549.3 | — |
| Long-term: | | |
| SMAs (c) | 439.2 | — |
| ITV plc (**ITV**) — subject to re-use rights (d) | 347.9 | 798.1 |
| ITI Neovision S.A. **(ITI Neovision)** | 118.2 | 122.4 |
| Lions Gate Entertainment Corp (**Lionsgate**) (e) | 60.2 | 68.0 |
| Other (f) | 415.1 | 300.7 |
| Total — fair value | 3,929.9 | 1,289.2 |
| Total investments (g) | $ 7,554.6 | $ 4,782.0 |
| Short-term investments | $ 2,549.3 | $ — |
| Long-term investments | $ 5,005.3 | $ 4,782.0 |

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(a) Our equity method investments are originally recorded at cost and are adjusted to recognize our share of net earnings or losses of the affiliates as they occur rather than as dividends or other distributions are received, with our recognition of losses generally limited to the extent of our investment in, and advances and commitments to, the investee. At September 30, 2020 and December 31, 2019, the aggregate carrying amounts of our equity method investments exceeded our proportionate share of the respective investee's net assets by $1,123.0 million and $1,041.0 million, respectively, which include amounts associated with the VodafoneZiggo JV Receivables, as defined below, and amounts we are owed under a long-term note receivable from All3Media.

(b) Amounts include certain notes receivable due from a subsidiary of the VodafoneZiggo JV to a subsidiary of Liberty Global comprising (i) a euro-denominated note receivable with a principal amount of $820.5 million and $786.1 million, respectively (the **VodafoneZiggo JV Receivable I**), and (ii) a euro-denominated note receivable entered into during the third quarter of 2020 with a principal amount of $121.8 million at September 30, 2020 (the **VodafoneZiggo JV Receivable II** and, together with the VodafoneZiggo JV Receivable I, the **VodafoneZiggo JV Receivables**). The VodafoneZiggo JV Receivable I, as amended in June 2020, and the VodafoneZiggo JV Receivable II each bear interest at 5.55% and have a final maturity date of December 31, 2030. During the nine months ended September 30, 2020, interest accrued on the VodafoneZiggo JV Receivables was $34.4 million, all of which has been cash settled.

(c) Represents investments held under SMAs, which are maintained by investment managers acting as agents on our behalf. We classify, measure and report these investments, the composition of which may change from time to time, based on the underlying nature and characteristics of each security held under the SMAs. As of September 30, 2020, all of our investments held under SMAs were classified as available-for-sale debt securities, as further described under *Fair Value Investments — Debt Securities* below.

(d) In connection with our investment in ITV, we entered into a share collar (the **ITV Collar**) with respect to the ITV shares held by our company. The aggregate purchase price paid to acquire our investment in ITV was financed through borrowings under a secured borrowing agreement (the **ITV Collar Loan**). We may elect to use cash or the collective value of the related shares and equity-related derivative instrument to settle the ITV Collar Loan. During the third quarter of 2020, we cash settled a portion of the ITV Collar Loan and unwound the associated portion of the ITV Collar. As of September 30, 2020, (i) certain of the ITV shares our company holds remain subject to the ITV Collar and are pledged as collateral under the ITV Collar Loan and (ii) the fair value of the ITV Collar was a net asset of $712.5 million and principal borrowings outstanding under the ITV Collar Loan were $949.1 million.

(e) In connection with our investment in Lionsgate, we previously entered into (i) the Lionsgate Forward (as defined in note 6) and (ii) a related borrowing agreement (the **Lionsgate Loan**), each of which were fully settled during the third quarter of 2020, as further described in note 6.

(f) As of September 30, 2020, we hold a $9.2 million noncontrolling junior interest in receivables we have securitized.

(g) The purchase and sale of investments are presented on a gross basis in our statement of cash flows, including those made by investment managers acting as agents on our behalf.

***Fair Value Investments***

The following table sets forth the details of our realized and unrealized gains (losses) due to changes in fair values of certain investments, net:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| | **in millions** | | | |
| ITV | $ (20.5) | $ 70.2 | $ (450.2) | $ (17.6) |
| Lionsgate | 13.1 | (15.9) | (7.8) | (33.7) |
| SMAs | (0.3) | — | 5.6 | — |
| ITI Neovision | (2.2) | 0.2 | (4.1) | 0.7 |
| Other, net | (12.7) | 4.5 | 47.5 | (14.6) |
| Total | $ (22.6) | $ 59.0 | $ (409.0) | $ (65.2) |

*Debt Securities*

We determine the appropriate classification of our investments in debt securities at the time of purchase, and reevaluate such determinations at each balance sheet date. All of our debt securities are classified as available for sale and are reported at fair value, and any changes in fair value are reported in realized and unrealized gains or losses due to changes in fair value of certain investments and debt, net, in our consolidated statement of operations. In addition, any interest received on our debt securities is reported as interest income in our consolidated statement of operations. All costs directly associated with the acquisition of debt securities are expensed as incurred. We classify our government bonds within Level 1 of the fair value hierarchy and our corporate debt securities, commercial paper and certificates of deposit within Level 2 of the fair value hierarchy. For further information regarding our fair value measurements, see note 7.

The following table sets forth the details of our debt securities as of and for the nine months ended September 30, 2020:

| | Amortized cost basis | Unrealized gains | Fair value |
|---|---|---|---|
| | | in millions | |
| Government bonds | $ 998.8 | $ 0.5 | $ 999.3 |
| Corporate debt securities | 786.6 | 3.2 | 789.8 |
| Commercial paper | 773.1 | 0.9 | 774.0 |
| Certificates of deposit | 333.9 | 0.2 | 334.1 |
| Other debt securities | 91.3 | — | 91.3 |
| Total debt securities | $ 2,983.7 | $ 4.8 | $ 2,988.5 |

During the three and nine months ended September 30, 2020, we received proceeds from the sale of debt securities of $1.3 billion and $3.8 billion, respectively, the majority of which were reinvested in new debt securities held under SMAs. The sale of debt securities during the three and nine months ended September 30, 2020 resulted in realized net gains of $0.1 million and $0.8 million, respectively.

The fair value of our debt securities as of September 30, 2020 by contractual maturity are shown below (in millions):

| | |
|---|---|
| Due in one year or less | $ 2,549.3 |
| Due in one to five years | 432.2 |
| Due in five to ten years | 7.0 |
| Total (a) | $ 2,988.5 |

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(a) The weighted average life of our total debt securities was 0.5 years as of September 30, 2020.

***Equity Method Investments***

The following table sets forth the details of our share of results of affiliates, net:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | in millions | | | |
| All3Media | $ (0.3) | $ (11.5) | $ (40.1) | $ (34.2) |
| VodafoneZiggo JV (a) | (6.8) | (21.8) | (34.9) | (124.1) |
| Formula E | (17.4) | 1.2 | (16.7) | (8.7) |
| Other | (2.6) | (0.7) | (7.4) | (6.0) |
| Total | $ (27.1) | $ (32.8) | $ (99.1) | $ (173.0) |

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(a) Amounts include the net effect of (i) 100% of the interest income earned on the VodafoneZiggo JV Receivables and (ii) our 50% share of the results of operations of the VodafoneZiggo JV.

*VodafoneZiggo JV*. Pursuant to an agreement (the **Framework Agreement**), Liberty Global provides certain services to the VodafoneZiggo JV (collectively, the **JV Services**). The JV Services provided by Liberty Global consist primarily of (i) technology and other services and (ii) capital-related expenditures for assets that will be used by, or will otherwise benefit, the VodafoneZiggo JV. Liberty Global charges both fixed and usage-based fees to the VodafoneZiggo JV for the JV Services provided during the term of the Framework Agreement. We recorded revenue from the VodafoneZiggo JV of $47.2 million and $66.1 million during the three months ended September 30, 2020 and 2019, respectively, and $135.3 million and $156.1 million during the nine months ended September 30, 2020 and 2019, respectively, primarily related to (a) the JV Services and (b) sales of customer premises equipment at a mark-up. In addition, during the nine months ended September 30, 2019, we purchased certain assets on the VodafoneZiggo JV's behalf with an aggregate cost of $15.5 million. At September 30, 2020 and December 31, 2019, $26.4 million and $19.3 million, respectively, were due from the VodafoneZiggo JV related to the aforementioned transactions. The amounts due from the VodafoneZiggo JV, which are periodically cash settled, are included in other current assets on our condensed consolidated balance sheets.

The summarized results of operations of the VodafoneZiggo JV are set forth below:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | in millions | | | |
| Revenue | $ 1,166.7 | $ 1,096.9 | $ 3,345.4 | $ 3,275.3 |
| Loss before income taxes | $ (31.6) | $ (83.7) | $ (58.5) | $ (407.0) |
| Net loss | $ (25.6) | $ (68.0) | $ (111.3) | $ (322.3) |

## (6) Derivative Instruments

In general, we enter into derivative instruments to protect against (i) increases in the interest rates on our variable-rate debt, (ii) foreign currency movements, particularly with respect to borrowings that are denominated in a currency other than the functional currency of the borrowing entity, and (iii) decreases in the market prices of certain publicly traded securities that we own. In this regard, through our subsidiaries, we have entered into various derivative instruments to manage interest rate exposure and foreign currency exposure primarily with respect to the U.S. dollar (**$**), the euro (**€**), the British pound sterling (**£**), the Swiss franc (**CHF**) and the Polish zloty (**PLN**). We do not apply hedge accounting to our derivative instruments. Accordingly, changes in the fair values of most of our derivative instruments are recorded in realized and unrealized gains or losses on derivative instruments, net, in our condensed consolidated statements of operations.

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

| | September 30, 2020 | | | December 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Current | Long-term | Total | Current | Long-term | Total |
| | in millions | | | | | |
| Assets (a): | | | | | | |
| Cross-currency and interest rate derivative contracts (b) | $ 97.6 | $ 431.9 | $ 529.5 | $ 270.8 | $ 886.4 | $ 1,157.2 |
| Equity-related derivative instruments (c) | 302.7 | 437.0 | 739.7 | 55.2 | 608.2 | 663.4 |
| Foreign currency forward and option contracts | 30.4 | 0.3 | 30.7 | 4.6 | 1.4 | 6.0 |
| Other | — | 0.3 | 0.3 | 0.5 | 0.4 | 0.9 |
| Total | $ 430.7 | $ 869.5 | $ 1,300.2 | $ 331.1 | $ 1,496.4 | $ 1,827.5 |
| Liabilities (a): | | | | | | |
| Cross-currency and interest rate derivative contracts (b) | $ 179.7 | $ 962.5 | $ 1,142.2 | $ 389.2 | $ 1,192.3 | $ 1,581.5 |
| Foreign currency forward and option contracts | 37.5 | — | 37.5 | 1.2 | — | 1.2 |
| Other | 0.1 | — | 0.1 | — | — | — |
| Total | $ 217.3 | $ 962.5 | $ 1,179.8 | $ 390.4 | $ 1,192.3 | $ 1,582.7 |

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(a) Our current derivative liabilities, long-term derivative assets and long-term derivative liabilities are included in other current and accrued liabilities, other assets, net, and other long-term liabilities, respectively, on 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 within each of our subsidiary borrowing groups (as defined and described in note 9). The changes in the credit risk valuation adjustments associated with our cross-currency and interest rate derivative contracts resulted in a net gain (loss) of $222.6 million and ($14.1 million) during the three months ended September 30, 2020 and 2019, respectively, and $294.3 million and ($84.8 million) during the nine months ended September 30, 2020 and 2019, respectively. These amounts are included in realized and unrealized gains (losses) on derivative instruments, net, in our condensed consolidated statements of operations. For further information regarding our fair value measurements, see note 7.

(c) Our equity-related derivative instruments primarily include the ITV Collar and, as of December 31, 2019, the Lionsgate Forward, as defined and described below. The fair value of the ITV Collar does not include credit risk valuation adjustments as we assume that any losses incurred by our company in the event of nonperformance by the respective counterparty would be, subject to relevant insolvency laws, fully offset against amounts we owe to such counterparty pursuant to the related secured borrowing arrangement.

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

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | in millions | | | |
| Cross-currency and interest rate derivative contracts | $ (755.4) | $ 567.3 | $ (222.5) | $ 549.1 |
| Equity-related derivative instruments: | | | | |
| ITV Collar | 82.9 | (106.8) | 433.2 | (7.0) |
| Lionsgate Forward | (5.7) | 5.5 | 0.8 | 15.1 |
| Other | (0.1) | 0.5 | 20.7 | 0.9 |
| Total equity-related derivative instruments | 77.1 | (100.8) | 454.7 | 9.0 |
| Foreign currency forward and option contracts | (39.2) | 116.3 | (31.8) | 94.1 |
| Other | (0.3) | (0.7) | (0.6) | — |
| Total | $ (717.8) | $ 582.1 | $ 199.8 | $ 652.2 |

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 following table sets forth the classification of the net cash outflows of our derivative instruments:

| | Nine months ended September 30, | |
|---|---|---|
| | 2020 | 2019 |
| | in millions | |
| Operating activities | $ (215.5) | $ (73.1) |
| Investing activities | (28.7) | — |
| Financing activities | 72.6 | 136.9 |
| Total | $ (171.6) | $ 63.8 |

***Counterparty Credit Risk***

We are exposed to the risk that the counterparties to the derivative instruments of our subsidiary borrowing groups 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. With the exception of a limited number of instances where we have required a counterparty to post collateral, neither party has posted collateral under the derivative instruments of our subsidiary borrowing groups. At September 30, 2020, our exposure to counterparty credit risk included derivative assets with an aggregate fair value of $80.8 million.

## Details of our Derivative Instruments

The details of our derivative contracts are presented below for the named entity and its subsidiaries, unless otherwise noted.

### *Cross-currency Derivative Contracts*

We generally match the denomination of our subsidiaries' borrowings with the functional currency of the supporting operations or, when it is more cost effective, we 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, 2020, substantially all of our debt was either directly or synthetically matched to the applicable functional currencies of the underlying operations. The following table sets forth the total notional amounts and the related weighted average remaining contractual lives of our cross-currency swap contracts at September 30, 2020:

| | Notional amount due from counterparty | | Notional amount due to counterparty | | | Weighted average remaining life |
|---|---|---|---|---|---|---|
| | in millions | | | | | in years |
| UPC Holding | $ | 360.0 | € | 267.9 | | 5.0 |
| | $ | 1,600.0 | CHF | 1,476.1 | (a) | 5.7 |
| | € | 2,618.3 | CHF | 2,941.4 | (a) | 3.9 |
| | € | 707.0 | PLN | 2,999.5 | | 3.6 |
| | CHF | 740.0 | € | 701.1 | | 2.3 |
| Telenet | $ | 3,940.0 | € | 3,489.6 | (a) | 6.3 |
| | € | 45.2 | $ | 50.0 | (b) | 4.3 |

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(a) Includes certain derivative instruments that are "forward-starting," such that the initial exchange occurs at a date subsequent to September 30, 2020. These instruments are typically entered into in order to extend existing hedges without the need to amend existing contracts.

(b) 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 coupon-related payments and receipts. At September 30, 2020, the total U.S. dollar equivalent of the notional amount of these derivative instruments was $52.9 million.

### *Interest Rate Swap Contracts*

The following table sets forth the total U.S. dollar equivalents of the notional amounts and the related weighted average remaining contractual lives of our interest rate swap contracts at September 30, 2020:

| | Pays fixed rate | | | | Receives fixed rate | | |
|---|---|---|---|---|---|---|---|
| | Notional amount | | | Weighted average remaining life | Notional amount | | Weighted average remaining life |
| | in millions | | | in years | in millions | | in years |
| UPC Holding | $ | 10,617.8 | (a) | 3.8 | $ | 4,772.3 | 5.2 |
| Telenet | $ | 3,381.3 | (a) | 4.5 | $ | 1,672.7 | 3.0 |
| Other | $ | 98.8 | | 3.2 | $ | — | — |

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(a) Includes forward-starting derivative instruments.

***Interest Rate Swap Options***

From time to time, we enter into interest rate swap options (**swaptions**), which give us the right, but not the obligation, to enter into certain interest rate swap contracts at set dates in the future. Such contracts typically have a life of no more than three years. At September 30, 2020, the option expiration period on each of our swaptions had expired.

***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. The following table sets forth the total U.S. dollar equivalents of the notional amounts and related weighted average remaining contractual lives of our basis swap contracts at September 30, 2020:

| | Notional amount due from counterparty | Weighted average remaining life |
|---|---|---|
| | in millions | in years |
| UPC Holding | $ 700.0 | 0.3 |
| Telenet | $ 2,295.0 | 0.3 |
| Other | $ 98.8 | 0.3 |

***Interest Rate Caps, Floors and Collars***

From time to time, we enter into interest rate cap, floor and collar agreements. Purchased interest rate caps and collars lock in a maximum interest rate if variable rates rise, but also allow our company to benefit, to a limited extent in the case of collars, from declines in market rates. Purchased interest rate floors protect us from interest rates falling below a certain level, generally to match a floating rate floor on a debt instrument. At September 30, 2020, we had no interest rate collar agreements, and the total U.S. dollar equivalents of the notional amounts of our purchased interest rate caps and floors were $468.9 million and $4,838.9 million, respectively.

***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, on our borrowing costs is as follows:

| | Increase to borrowing costs at September 30, 2020 (a) |
|---|---|
| UPC Holding | 0.24% |
| Telenet | 0.31% |
| Total increase to borrowing costs | 0.26% |

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(a) Represents the effect of derivative instruments in effect at September 30, 2020 and does not include forward-starting derivative instruments.

***Foreign Currency Forwards and Options***

Certain of our subsidiaries enter into foreign currency forward and option contracts with respect to non-functional currency exposure. As of September 30, 2020, the total U.S. dollar equivalent of the notional amounts of our foreign currency forward and option contracts was $4.6 billion.

***Equity-related Derivatives***

During the third quarter of 2020, we cash settled the remaining tranches of a prepaid forward (the **Lionsgate Forward**) with respect to 833,333 of our voting and 833,334 of our non-voting Lionsgate shares and the related borrowings under the Lionsgate Loan. Accordingly, as of September 30, 2020, the Lionsgate Forward and Lionsgate Loan are fully settled.

## (7) Fair Value Measurements

We use the fair value method to account for (i) certain of our investments, (ii) our derivative instruments and (iii) certain instruments that we classify as debt. The reported fair values of these investments and instruments as of September 30, 2020 are unlikely to represent the value that will be paid or received upon the ultimate settlement or disposition of these assets and liabilities.

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

We use a Monte Carlo based approach to incorporate a credit risk valuation adjustment in our fair value measurements to estimate the impact of both our own nonperformance risk and the nonperformance risk of our counterparties. Our credit risk valuation adjustments with respect to our cross-currency and interest rate swaps are quantified and further explained in note 6.

Fair value measurements are also used in connection with nonrecurring valuations performed in connection with acquisition accounting and impairment assessments. The nonrecurring valuations associated with acquisition accounting primarily include the valuation of reporting units, customer relationship and other intangible assets and property and equipment. Unless a reporting unit has a readily determinable fair value, the valuation of reporting units is based at least in part on discounted cash flow analyses. With the exception of certain inputs for our weighted average cost of capital and discount rate calculations that are derived from pricing services, the inputs used in our discounted cash flow analyses, such as forecasts of future cash flows, are based on our assumptions. The valuation of customer relationships is primarily based on an excess earnings methodology, which is a form of a discounted cash flow analysis. The excess earnings methodology requires us to estimate the specific cash flows expected from the customer relationship, considering such factors as estimated customer life, the revenue expected to be generated over the life of the customer relationship, contributory asset charges and other factors. Tangible assets are typically valued using a replacement or reproduction cost approach, considering factors such as current prices of the same or similar equipment, the age of the equipment and economic obsolescence. Most of our nonrecurring valuations use significant unobservable inputs and therefore fall under Level 3 of the fair value hierarchy. During the nine months ended September 30, 2020, we did not perform any significant nonrecurring fair value measurements. We performed a nonrecurring fair value measurement in connection with the De Vijver Media Acquisition during the nine months ended September 30, 2019.

For additional information concerning our fair value measurements, see note 9 to the consolidated financial statements included in our 10-K.

A summary of our assets and liabilities that are measured at fair value on a recurring basis is as follows:

| Description | September 30, 2020 | Fair value measurements at September 30, 2020 using: Quoted prices in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
|---|---|---|---|---|
| | in millions | | | |
| Assets: | | | | |
| Derivative instruments: | | | | |
| Cross-currency and interest rate derivative contracts | $ 529.5 | $ — | $ 464.4 | $ 65.1 |
| Equity-related derivative instruments | 739.7 | — | — | 739.7 |
| Foreign currency forward and option contracts | 30.7 | — | 30.7 | — |
| Other | 0.3 | — | 0.3 | — |
| Total derivative instruments | 1,300.2 | — | 495.4 | 804.8 |
| Investments: | | | | |
| SMAs | 2,988.5 | 1,029.0 | 1,959.5 | — |
| Other investments | 941.4 | 421.5 | — | 519.9 |
| Total investments | 3,929.9 | 1,450.5 | 1,959.5 | 519.9 |
| Total assets | $ 5,230.1 | $ 1,450.5 | $ 2,454.9 | $ 1,324.7 |
| Liabilities: | | | | |
| Derivative instruments: | | | | |
| Cross-currency and interest rate derivative contracts | $ 1,142.2 | $ — | $ 920.4 | $ 221.8 |
| Foreign currency forward and option contracts | 37.5 | — | 32.9 | 4.6 |
| Other | 0.1 | — | 0.1 | — |
| Total liabilities | $ 1,179.8 | $ — | $ 953.4 | $ 226.4 |

| Description | December 31, 2019 | Fair value measurements at December 31, 2019 using: Quoted prices in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
|---|---|---|---|---|
| | | in millions | | |
| Assets: | | | | |
| Derivative instruments: | | | | |
| Cross-currency and interest rate derivative contracts | $ 1,157.2 | $ — | $ 1,157.2 | $ — |
| Equity-related derivative instruments | 663.4 | — | — | 663.4 |
| Foreign currency forward and option contracts | 6.0 | — | 6.0 | — |
| Other | 0.9 | — | 0.9 | — |
| Total derivative instruments | 1,827.5 | — | 1,164.1 | 663.4 |
| Investments | 1,289.2 | 869.2 | — | 420.0 |
| Total assets | $ 3,116.7 | $ 869.2 | $ 1,164.1 | $ 1,083.4 |
| Liabilities: | | | | |
| Derivative instruments: | | | | |
| Cross-currency and interest rate derivative contracts | $ 1,581.5 | $ — | $ 1,561.6 | $ 19.9 |
| Foreign currency forward and option contracts | 1.2 | — | 1.2 | — |
| Total derivative instruments | 1,582.7 | — | 1,562.8 | 19.9 |
| Debt | 45.6 | — | 45.6 | — |
| Total liabilities | $ 1,628.3 | $ — | $ 1,608.4 | $ 19.9 |

A reconciliation of the beginning and ending balances of our assets and liabilities measured at fair value on a recurring basis using significant unobservable, or Level 3, inputs is as follows:

| | Investments | Cross-currency, interest rate and foreign currency derivative contracts | Equity-related derivative instruments | Total |
|---|---|---|---|---|
| | | in millions | | |
| Balance of net assets (liabilities) at January 1, 2020 | $ 420.0 | $ (19.9) | $ 663.4 | $ 1,063.5 |
| Gains included in loss from continuing operations (a): | | | | |
| Realized and unrealized gains (losses) on derivative instruments, net | — | (300.6) | 454.7 | 154.1 |
| Realized and unrealized gains due to changes in fair values of certain investments and debt, net | 34.7 | — | — | 34.7 |
| Partial settlement of ITV collar (b) | — | — | (340.3) | (340.3) |
| Settlement of Lionsgate Forward (c) | — | — | (38.0) | (38.0) |
| Additions | 60.8 | — | — | 60.8 |
| Reclassification of liability to held for sale (d) | — | 149.5 | — | 149.5 |
| Transfers out of Level 3 | (2.0) | 8.8 | — | 6.8 |
| Foreign currency translation adjustments and other, net | 6.4 | 0.9 | (0.1) | 7.2 |
| Balance of net assets (liabilities) at September 30, 2020 | $ 519.9 | $ (161.3) | $ 739.7 | $ 1,098.3 |

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(a) Most of these net gains relate to assets and liabilities that we continue to carry on our condensed consolidated balance sheet as of September 30, 2020.

(b) For additional information regarding the ITV Collar, see note 5.

(c) For additional information regarding the Lionsgate Forward, see note 6.

(d) Represents the reclassification of the derivative liabilities associated with the U.K. JV Entities as of September 30, 2020 to liabilities associated with assets held for sale. For information regarding the held-for-sale presentation of the U.K. JV Entities, see note 4.

## (8) Long-lived Assets

### *Property and Equipment, Net*

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

| | September 30, 2020 | December 31, 2019 |
|---|---|---|
| | in millions | |
| Distribution systems | $ 8,818.0 | $ 19,007.2 |
| Customer premises equipment | 1,691.2 | 4,294.7 |
| Support equipment, buildings and land | 3,765.1 | 5,344.3 |
| Total property and equipment, gross | 14,274.3 | 28,646.2 |
| Accumulated depreciation | (7,987.7) | (14,802.8) |
| Total property and equipment, net | $ 6,286.6 | $ 13,843.4 |

During the nine months ended September 30, 2020 and 2019, we recorded non-cash increases to our property and equipment related to vendor financing arrangements (including amounts related to the U.K. JV Entities) of $1,033.6 million and $1,303.2 million, respectively, which exclude related value-added taxes (**VAT**) of $172.5 million and $214.1 million, respectively, that were also financed under these arrangements.

### *Goodwill*

Changes in the carrying amount of our goodwill during the nine months ended September 30, 2020 are set forth below:

| | January 1, 2020 | Acquisitions and related adjustments | Reclassification to assets held for sale (a) | Foreign currency translation adjustments and other | September 30, 2020 |
|---|---|---|---|---|---|
| | | | in millions | | |
| U.K./Ireland | $ 7,965.4 | $ — | $ (7,489.3) | $ (192.1) | $ 284.0 |
| Switzerland | 2,953.2 | — | — | 144.3 | 3,097.5 |
| Belgium | 2,576.1 | (0.6) | — | 86.5 | 2,662.0 |
| Central and Eastern Europe | 557.4 | — | — | (6.3) | 551.1 |
| Total | $ 14,052.1 | $ (0.6) | $ (7,489.3) | $ 32.4 | $ 6,594.6 |

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(a) Represents goodwill of the U.K. JV Entities. For additional information regarding the held-for-sale presentation of the U.K. JV Entities, see note 4.

If, among other factors, (i) our equity values were to decline or (ii) the adverse impacts of economic, competitive, regulatory or other factors (including with respect to the recent outbreak of a novel strain of the coronavirus (**COVID-19**)) were to cause our results of operations or cash flows to be worse than anticipated, we could conclude in future periods that impairment charges are required in order to reduce the carrying values of our goodwill and, to a lesser extent, other long-lived assets. Any such impairment charges could be significant.

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

The details of our intangible assets subject to amortization, which are included in other assets, net, on our condensed consolidated balance sheets, are set forth below:

| | September 30, 2020 | | | December 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Gross carrying amount | Accumulated amortization | Net carrying amount | Gross carrying amount | Accumulated amortization | Net carrying amount |
| | in millions | | | | | |
| Customer relationships | $ 292.6 | $ (180.9) | $ 111.7 | $ 3,653.9 | $ (3,363.6) | $ 290.3 |
| Other | 592.8 | (325.6) | 267.2 | 563.7 | (281.9) | 281.8 |
| Total | $ 885.4 | $ (506.5) | $ 378.9 | $ 4,217.6 | $ (3,645.5) | $ 572.1 |

## (9) Debt

The U.S. dollar equivalents of the components of our debt are as follows:

| | September 30, 2020 | | | Principal amount | |
|---|---|---|---|---|---|
| | Weighted average interest rate (a) | Unused borrowing capacity (b) | | | |
| | | Borrowing currency | U.S. $ equivalent | September 30, 2020 | December 31, 2019 |
| | in millions | | | | |
| Telenet Credit Facility (c) | 2.19% | € 555.0 | $ 650.6 | $ 3,596.1 | $ 3,541.4 |
| Telenet Senior Secured Notes | 4.72% | — | — | 1,633.0 | 1,673.7 |
| UPCB SPE Notes | 3.80% | — | — | 1,336.3 | 2,420.1 |
| UPC Holding Bank Facility (d) | 2.44% | € 500.0 | 586.1 | 1,168.9 | — |
| UPC Holding Senior Notes | 4.58% | — | — | 1,231.6 | 1,202.3 |
| Vendor financing (e)(f) | 2.44% | — | — | 1,343.5 | 1,374.3 |
| ITV Collar Loan | 0.90% | — | — | 949.1 | 1,435.5 |
| Virgin Media debt (g) | — | (f) | (f) | (f) | 15,693.5 |
| Other (f)(h) | 6.10% | — | — | 250.8 | 307.3 |
| Total debt before deferred financing costs, discounts and premiums (i) | 3.03% | | $ 1,236.7 | $ 11,509.3 | $ 27,648.1 |

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

| | September 30, 2020 | December 31, 2019 |
|---|---|---|
| | in millions | |
| Total debt before deferred financing costs, discounts and premiums | $ 11,509.3 | $ 27,648.1 |
| Deferred financing costs, discounts and premiums, net | (43.3) | (82.7) |
| Total carrying amount of debt | 11,466.0 | 27,565.4 |
| Finance lease obligations (f) (note 10) | 532.7 | 617.1 |
| Total debt and finance lease obligations | 11,998.7 | 28,182.5 |
| Current maturities of debt and finance lease obligations | (1,832.7) | (3,877.2) |
| Long-term debt and finance lease obligations | $ 10,166.0 | $ 24,305.3 |

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(a) Represents the weighted average interest rate in effect at September 30, 2020 for all borrowings outstanding (excluding those of the U.K. JV Entities) 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 deferred financing costs, our weighted average interest rate on our aggregate variable- and fixed-rate indebtedness was 3.31% at September 30, 2020. For information regarding our derivative instruments, see note 6.

(b) Unused borrowing capacity represents the maximum availability under the applicable facility at September 30, 2020 without regard to covenant compliance calculations or other conditions precedent to borrowing. At September 30, 2020, based on the most restrictive applicable leverage covenants, the full amount of unused borrowing capacity was available to be borrowed under each of the respective subsidiary facilities, and based on the most restrictive applicable leverage-based restricted payment tests, there were no restrictions on the respective subsidiary's ability to make loans or distributions from this availability to Liberty Global or its subsidiaries or other equity holders. Upon completion of the relevant September 30, 2020 compliance reporting requirements, we expect the full amount of unused borrowing capacity will continue to be available under each of the respective subsidiary facilities, with no additional restriction to loan or distribute. Our above expectations do not consider any actual or potential changes to our borrowing levels or any amounts loaned or distributed subsequent to September 30, 2020, or the impact of additional amounts that may be available to borrow, loan or distribute under certain defined baskets within each respective facility.

(c) Unused borrowing capacity under the Telenet Credit Facility comprises (i) €510.0 million ($597.9 million) under the Telenet Revolving Facility I (as defined below), (ii) €25.0 million ($29.3 million) under the Telenet Overdraft Facility and (iii) €20.0 million ($23.4 million) under the Telenet Revolving Facility, each of which were undrawn at September 30, 2020. During 2020, Telenet Facility AG and Telenet Facility AP were cancelled in full and replaced with a single revolving facility, which bears interest at a rate of EURIBOR + 2.25%, is subject to a EURIBOR floor of 0.0% and has a final maturity date of May 31, 2026 (the **Telenet Revolving Facility I**).

(d) Unused borrowing capacity under the UPC Holding Bank Facility relates to €500.0 million ($586.1 million) of borrowing capacity under the UPC Revolving Facility (as defined below), which was undrawn at September 30, 2020. During 2020, as a result of the sale of certain entities within the UPC Holding borrowing group in prior years, and an associated reduction in the outstanding debt and Covenant EBITDA (as defined and described in the related debt agreement) of the remaining UPC Holding borrowing group, UPC Facility AM was cancelled in full and replaced with a new revolving facility, which bears interest at a rate of EURIBOR + 2.50% and has a final maturity date of May 31, 2026 (the **UPC Revolving Facility**).

(e) Represents amounts owed to various creditors pursuant to interest-bearing vendor financing arrangements that are used to finance certain of our property and equipment additions and operating expenses. These arrangements extend our repayment terms beyond a vendor's original due dates (e.g. extension beyond a vendor's customary payment terms, which are generally 90 days or less) and as such are classified outside of accounts payable on our condensed consolidated balance sheet. These obligations are generally due within one year and include VAT that was also financed under these arrangements. Repayments of vendor financing obligations are included in repayments and repurchases of debt and finance lease obligations in our condensed consolidated statements of cash flows.

(f) In connection with the pending formation of the U.K. JV, the outstanding third-party debt of the U.K. JV Entities has been classified as liabilities associated with assets held for sale on our September 30, 2020 condensed consolidated balance sheet. For information regarding the pending formation of the U.K. JV and the held-for-sale presentation of the U.K. JV Entities, see note 4.

(g) The December 31, 2019 amount includes $264.6 million of debt collateralized by certain trade receivables of Virgin Media (**VM Receivables Financing**). During the third quarter of 2020, the amount outstanding under the VM Receivables Financing was repaid, and the associated trade receivables were sold to a third party (the **VM Receivables Financing Sale**).

(h) The December 31, 2019 amount includes $55.3 million of principal borrowings outstanding under the Lionsgate Loan. During the third quarter of 2020, we cash settled the outstanding amount under the Lionsgate Loan, as further described in note 6.

(i) As of September 30, 2020 and December 31, 2019, our debt had an estimated fair value of $11.5 billion (excluding the U.K. JV Entities) and $28.4 billion, respectively. The estimated fair values of our debt instruments are generally determined using the average of applicable bid and ask prices (mostly Level 1 of the fair value hierarchy) or, when quoted market prices are unavailable or not considered indicative of fair value, discounted cash flow models (mostly Level 2 of the fair value hierarchy). The discount rates used in the cash flow models are based on the market interest rates and estimated credit spreads of the applicable entity, to the extent available, and other relevant factors. For additional information regarding fair value hierarchies, see note 7.

**Financing Transactions - General Information**

At September 30, 2020, most of our outstanding debt had been incurred by one of our three subsidiary “borrowing groups.” References to these borrowing groups, which comprise UPC Holding, Telenet and Virgin Media, include their respective restricted parent and subsidiary entities. Below we provide summary descriptions of certain financing transactions completed during the first nine months of 2020. A portion of our financing transactions may include non-cash borrowings and repayments. During the nine months ended September 30, 2020 and 2019, non-cash borrowings and repayments aggregated $3.5 billion and nil, respectively. Unless otherwise noted, the terms and conditions of any new notes and/or credit facilities are largely consistent with those of existing notes and credit facilities of the corresponding borrowing group with regard to covenants, events of default and change of control provisions, among other items. For information regarding the general terms and conditions of our debt and capitalized terms not defined herein, see note 11 to the consolidated financial statements included in our 10-K.

***Telenet Financing Transactions***

In January 2020, Telenet entered into (i) a $2,295.0 million term loan facility (**Telenet Facility AR**) and (ii) a €1,110.0 million ($1,301.1 million) term loan facility (**Telenet Facility AQ**). Telenet Facility AR was issued at 99.75% of par, matures on April 30, 2028 and bears interest at a rate of LIBOR + 2.0%, subject to a LIBOR floor of 0.0%. Telenet Facility AQ was issued at par, matures on April 30, 2029 and bears interest at a rate of EURIBOR + 2.25%, subject to a EURIBOR floor of 0.0%. The net proceeds from Telenet Facility AR and Telenet Facility AQ, together with existing cash, were used to prepay in full (a) the $2,295.0 million outstanding principal amount under Telenet Facility AN and (b) the €1,110.0 million outstanding principal amount under Telenet Facility AO. In connection with these transactions, Telenet recognized a net loss on debt extinguishment of $18.9 million related to the write-off of unamortized deferred financing costs, discounts and premiums.

***UPC Holding Financing Transactions***

In January 2020, UPC Holding entered into (i) a $700.0 million term loan facility (**UPC Facility AT**) and (ii) a €400.0 million ($468.9 million) term loan facility (**UPC Facility AU**). UPC Facility AT was issued at 99.75% of par, matures on April 30, 2028 and bears interest at a rate of LIBOR + 2.25%, subject to a LIBOR floor of 0.0%. UPC Facility AU was issued at 99.875% of par, matures on April 30, 2029 and bears interest at a rate of EURIBOR + 2.50%, subject to a EURIBOR floor of 0.0%. The net proceeds from UPC Facility AT and UPC Facility AU were used to prepay in full the $1,140.0 million outstanding principal amount under

UPC Facility AL, together with accrued and unpaid interest and the related prepayment premiums, which was owed to UPCB Finance IV and, in turn, UPCB Finance IV used such proceeds to redeem in full the $1,140.0 million outstanding principal amount of UPCB Finance IV Dollar Notes. In connection with this transaction, UPC Holding recognized a loss on debt extinguishment of $35.6 million related to (a) the payment of $30.7 million of redemption premiums and (b) the write-off of $4.9 million of unamortized deferred financing costs and discounts.

In August 2020, in connection with the pending Sunrise Acquisition, UPC Holding entered into (i) a $1,300.0 million term loan facility (**UPC Facility AV**), (ii) a €400.0 million ($468.9 million) term loan facility (**UPC Facility AW**) and (iii) a commitment letter with certain financial institutions to provide (a) a $1,300.0 million term loan facility (**UPC Facility AV1**), (b) a €400.0 million term loan facility (**UPC Facility AW1**) and (c) a €213.4 million ($250.1 million) equivalent multi-currency revolving facility (the **Revolving Facility**, and together with UPC Facility AV, UPC Facility AW, UPC Facility AV1 and UPC Facility AW1, the **UPC Sunrise Facilities**). UPC Facility AV and UPC Facility AV1 will each be issued at 99.0% of par, mature on January 31, 2029 and bear interest at a rate of LIBOR + 3.50%, subject to a LIBOR floor of 0.0%. UPC Facility AW and UPC Facility AW1 will each be issued at 98.5% of par, mature on January 31, 2029 and bear interest at a rate of EURIBOR + 3.50%, subject to a EURIBOR floor of 0.0%. The Revolving Facility will mature on May 31, 2026 and bear interest at a rate of EURIBOR + 2.50%. At September 30, 2020, the UPC Sunrise Facilities were undrawn and are only available to be drawn and utilized upon completion of the Sunrise Acquisition. Accordingly, UPC Holding's unused borrowing capacity at September 30, 2020 excludes the availability under the UPC Sunrise Facilities. Upon closing of the Sunrise Acquisition, the proceeds from (1) UPC Facility AV and UPC Facility AW can be used towards funding the Sunrise Acquisition, (2) UPC Facility AV1 and UPC Facility AW1 can be applied directly or indirectly towards refinancing or otherwise repaying or redeeming existing debt of Sunrise and paying any other related fees, costs and expenses and (3) the Revolving Facility, which is only able to be utilized by the borrowers under UPC Facility AV1 and UPC Facility AW1 and the entities acquired in the Sunrise Acquisition, can be used for ongoing working capital requirements and general corporate purposes. In the event that the closing of the Sunrise Acquisition is not successfully completed, the UPC Sunrise Facilities will be cancelled.

***Virgin Media Financing Transactions***

In connection with the pending formation of the U.K. JV, the outstanding third-party debt of Virgin Media and certain of its subsidiaries has been classified as liabilities associated with assets held for sale on our September 30, 2020 condensed consolidated balance sheet. For information regarding the pending formation of the U.K. JV and the held-for-sale presentation of the U.K. JV Entities, see note 4.

*Trade Receivables Transaction.* In May 2020, Virgin Media Trade Receivables Financing plc, a third-party special purpose financing entity, was created for the purpose of facilitating the offering of certain notes. These notes are collateralized by certain trade receivables of Virgin Media, creating a variable interest in which Virgin Media is the primary beneficiary and, accordingly,Virgin Media, and ultimately Liberty Global, are required to consolidate Virgin Media Trade Receivables Financing plc. The offering of these notes resulted in net proceeds of £214.4 million ($276.8 million) (the **May 2020 Proceeds**).

*Senior Notes Transactions.* In June 2020, Virgin Media issued $675.0 million principal amount of U.S. dollar-denominated senior notes (the **2030 VM Dollar Senior Notes**). The 2030 VM Dollar Senior Notes were issued at par, mature on July 15, 2030 and bear interest at a rate of 5.0%. The net proceeds from the issuance of these notes, together with the May 2020 Proceeds, were used to redeem in full (i) €460.0 million ($539.2 million) outstanding principal amount of 2025 VM Euro Senior Notes and (ii) $388.7 million outstanding principal amount of 2025 VM Dollar Senior Notes. Virgin Media then issued (a) an additional $250.0 million principal amount of 2030 VM Dollar Senior Notes at 101% of par and (b) €500.0 million ($586.1 million) principal amount of euro-denominated senior notes (the **2030 VM Euro Senior Notes**). The 2030 VM Euro Senior Notes were issued at par, mature on July 15, 2030 and bear interest at a rate of 3.75%. The net proceeds from the issuance of these notes were used (1) to redeem in full (A) $497.0 million outstanding principal amount of 2024 VM Dollar Senior Notes, (B) $71.6 million outstanding principal amount of 2022 VM 4.875% Dollar Senior Notes, (C) $51.5 million outstanding principal amount of 2022 VM 5.25% Dollar Senior Notes and (D) £44.1 million ($56.9 million) outstanding principal amount of 2022 VM Sterling Senior Notes and (2) for general corporate purposes. In connection with these transactions, Virgin Media recognized a net loss on debt extinguishment of $57.5 million related to (I) the payment of $50.8 million of redemption premiums and (II) the write-off of $6.7 million of unamortized deferred financing costs, discounts and premiums.

*Senior Secured Notes Transactions.* In June 2020, Virgin Media issued (i) $650.0 million principal amount of U.S. dollar-denominated senior secured notes (the **2030 VM Dollar Senior Secured Notes**) and (ii) £450.0 million ($581.0 million) principal amount of sterling-denominated senior secured notes (the **2030 VM 4.125% Sterling Senior Secured Notes**). The 2030 VM Dollar Senior Secured Notes and 2030 VM 4.125% Sterling Senior Secured Notes were each issued at par, mature on August 15, 2030 and bear interest at a rate of 4.5% and 4.125%, respectively. The net proceeds from the issuance of these notes, together with existing cash, were used to (a) redeem in full £525.0 million ($677.9 million) outstanding principal amount of 2027 VM 4.875% Sterling Senior Secured Notes, (b) redeem in full £360.0 million ($464.8 million) outstanding principal amount of 2029 VM 6.25% Sterling Senior Secured Notes and (c) redeem £80.0 million ($103.3 million) of the £521.3 million ($673.1 million) outstanding principal amount of 2025 VM Sterling Senior Secured Notes. In connection with these transactions, Virgin Media recognized a net loss on debt extinguishment of $65.7 million related to (1) the payment of $64.7 million of redemption premiums and (2) the write-off of $1.0 million of unamortized deferred financing costs, discounts and premiums.

In October 2020, Virgin Media negotiated the private placement of an additional (i) $265.0 million principal amount of 2030 VM Dollar Senior Secured Notes, (ii) £235.0 million ($303.4 million) principal amount of 4.25% sterling-denominated senior secured notes and (iii) £30.0 million ($38.7 million) principal amount of 2030 VM 4.125% Sterling Senior Secured Notes, all of which are expected to be issued in November 2020. The proceeds from the issuance of these notes are expected to be used (a) to redeem in full the £441.3 million ($569.8 million) outstanding principal amount of 2025 VM Sterling Senior Secured Notes and (b) for general corporate purposes.

*Vendor Financing Notes Transactions.* In June 2020, Virgin Media Vendor Financing Notes III Designated Activity Company (**Virgin Media Financing III Company**) and Virgin Media Vendor Financing Notes IV Designated Activity Company (**Virgin Media Financing IV Company**, and together with Virgin Media Financing III Company, the **2020 VM Financing Companies**) were created for the purpose of issuing certain vendor financing notes. The 2020 VM Financing Companies are third-party special purpose financing entities that are not consolidated by Virgin Media or Liberty Global.

Virgin Media Financing III Company issued (i) £500.0 million ($645.6 million) principal amount of 4.875% vendor financing notes at par and (ii) £400.0 million ($516.5 million) principal amount of 4.875% vendor financing notes at 99.5% of par, each due July 15, 2028 (together, the **VM Vendor Financing III Notes**). Virgin Media Financing IV Company issued $500.0 million principal amount of 5.0% vendor financing notes due July 15, 2028 at par (the **VM Vendor Financing IV Notes**, and together with the VM Vendor Financing III Notes, the **June 2020 Vendor Financing Notes**). The net proceeds from the June 2020 Vendor Financing Notes were used by the 2020 VM Financing Companies to purchase certain vendor-financed receivables owed by Virgin Media and its subsidiaries from previously-existing third-party special purpose financing entities (the **Original VM Financing Companies**) and various other third parties. As a result, Virgin Media paid $42.0 million of redemption premiums, which is included in losses on debt extinguishment, net, in our condensed consolidated statement of operations for the nine months ended September 30, 2020. To the extent that the proceeds from the June 2020 Vendor Financing Notes exceed the amount of vendor-financed receivables available to be purchased from the Original VM Financing Companies, and various other third parties, the excess proceeds are used to fund excess cash facilities under certain credit facilities of Virgin Media. As additional vendor financed receivables become available for purchase, the 2020 VM Financing Companies can request that Virgin Media repay any amounts available under these excess cash facilities.

***Other Financing Transactions***

In September 2020, in connection with the pending formation of the U.K. JV, certain subsidiaries of Liberty Global completed various financing transactions, as further described below. Due to the held-for-sale presentation of the U.K. JV Entities, the results of the below transactions have been classified as liabilities associated with assets held for sale on our September 30, 2020 condensed consolidated balance sheet. For additional information regarding the pending formation of the U.K. JV and the held-for-sale presentation of the U.K. JV Entities, see note 4.

*Senior Secured Notes Transactions.* Certain of the U.K. JV Entities outside of the Virgin Media borrowing group issued (i) $1,350.0 million principal amount of U.S. dollar-denominated senior secured notes (the **2031 VM O2 Dollar Senior Secured Notes**), (ii) €950.0 million ($1,113.6 million) principal amount of euro-denominated senior secured notes (the **2031 VM O2 Euro Senior Secured Notes**) and (iii) £600.0 million ($774.7 million) principal amount of sterling-denominated senior secured notes (the **2029 VM O2 Sterling Senior Secured Notes**, and together with the 2031 VM O2 Dollar Senior Secured Notes and the 2031 VM O2 Euro Senior Secured Notes, the **VM O2 Notes**). The 2031 VM O2 Dollar Senior Secured Notes and 2031 VM O2 Euro Senior Secured Notes were each issued at par, mature on January 31, 2031 and bear interest at a rate of 4.25% and 3.25%, respectively. The 2029 VM O2 Sterling Senior Secured Notes were issued at par, mature on January 31, 2029 and bear interest at a rate of 4.0%. The proceeds from the issuance of the VM O2 Notes were placed into certain escrow accounts (the **Escrowed**

**Proceeds**), which are included in assets held for sale on our September 30, 2020 condensed consolidated balance sheet. Upon formation of the U.K. JV, the Escrowed Proceeds will be used to fund certain facility loans under the existing Virgin Media credit facility agreement to VMED O2 UK Holdco 4 Limited (the **New VM Credit Facility Borrower**), an entity that upon closing of the U.K. JV will be within the Virgin Media senior secured borrowing group. The New VM Credit Facility Borrower will use such loan proceeds, together with the proceeds from the VM O2 Facilities (as defined and described below), for the purpose of (a) funding a dividend, distribution or other payment to VMED O2 UK Limited (which, upon formation of the U.K. JV, will become the ultimate parent company of the U.K. JV), and ultimately to Liberty Global and Telefonica, and (b) paying fees and expenses related to the formation of the U.K. JV.

If the formation of the U.K. JV is not consummated on or before May 7, 2022 (the **Long Stop Date**) or, if the Long Stop Date is postponed in accordance with the terms of the agreement, on or before November 7, 2022, or upon the occurrence of certain other events, the VM O2 Notes will be redeemed at a redemption price equal to 100% of the principal amount of the applicable VM O2 Notes plus accrued and unpaid interest and additional amounts, if any, up to but excluding the date of the redemption.

*Facility Transactions.* In addition to the senior secured notes transactions described above, (i) certain financial institutions (the **VM O2 Lenders**) entered into a commitment letter with, among others, certain of the U.K. JV Entities pursuant to which the VM O2 Lenders set out the terms on which they are willing to provide the New VM Credit Facility Borrower a £1,500.0 million ($1,936.7 million) term loan facility (**VM O2 Facility P**), (ii) the New VM Credit Facility Borrower entered into a €750.0 million ($879.1 million) term loan facility (**VM O2 Facility R**) and (iii) an entity within the Virgin Media borrowing group entered into a $1,300.0 million term loan facility (**VM O2 Facility Q**, and together with VM O2 Facility P and VM O2 Facility R, the **VM O2 Facilities**). The additional facility accession agreement in relation to VM O2 Facility P is expected to be signed during the fourth quarter of 2020. VM O2 Facility P will be issued at par, mature on January 31, 2026 and bear interest at a rate of LIBOR +2.75%. VM O2 Facility R will be issued at 99.0% of par, mature on January 31, 2029 and bear interest at a rate of EURIBOR +3.25%, subject to a EURIBOR floor of 0.0%. VM O2 Facility Q will be issued at 98.5% of par, mature on January 31, 2029 and bear interest at a rate of LIBOR +3.25%, subject to a LIBOR floor of 0.0%.

At September 30, 2020, the VM O2 Facilities were undrawn and are only available to be drawn and utilized upon consummation of the U.K. JV, as further described above. Accordingly, Liberty Global and Virgin Media’s unused borrowing capacity at September 30, 2020 excludes the availability under the VM O2 Facilities, as applicable. In the event that the formation of the U.K. JV is not successfully completed, the VM O2 Facilities will be cancelled.

***Maturities of Debt***

Maturities of our debt as of September 30, 2020 are presented below for the named entity and its subsidiaries, unless otherwise noted, and represent U.S. dollar equivalents based on September 30, 2020 exchange rates. As a result of the held-for-sale presentation of the U.K. JV Entities on our September 30, 2020 condensed consolidated balance sheet, the amounts presented below do not include maturities of the debt obligations of these entities. For information regarding the held-for-sale presentation of the U.K. JV Entities, see note 4.

| | UPC Holding (a) | Telenet | Other (b) | Total |
|---|---|---|---|---|
| | | in millions | | |
| Year ending December 31: | | | | |
| 2020 (remainder of year) | $ 209.1 | $ 121.2 | $ 148.0 | $ 478.3 |
| 2021 | 404.1 | 295.8 | 771.4 | 1,471.3 |
| 2022 | — | 12.9 | 277.8 | 290.7 |
| 2023 | — | 12.6 | 160.1 | 172.7 |
| 2024 | — | 12.6 | 16.7 | 29.3 |
| 2025 | — | 12.8 | 0.6 | 13.4 |
| Thereafter | 3,736.8 | 5,316.8 | — | 9,053.6 |
| Total debt maturities (c) | 4,350.0 | 5,784.7 | 1,374.6 | 11,509.3 |
| Deferred financing costs, discounts and premiums, net | (21.0) | (17.7) | (4.6) | (43.3) |
| Total debt | $ 4,329.0 | $ 5,767.0 | $ 1,370.0 | $ 11,466.0 |
| Current portion | $ 613.2 | $ 416.2 | $ 732.4 | $ 1,761.8 |
| Noncurrent portion | $ 3,715.8 | $ 5,350.8 | $ 637.6 | $ 9,704.2 |

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(a) Amounts include certain senior secured notes issued by special purpose financing entities that are consolidated by UPC Holding and Liberty Global.

(b) Amounts include $949.1 million related to the ITV Collar Loan. The ITV Collar Loan has various maturity dates through 2022 consistent with the ITV Collar (see notes 5 and 6). We may elect to use cash or the collective value of the related shares and equity-related derivative instrument to settle the remaining amounts under the ITV Collar Loan.

(c) Amounts include vendor financing obligations of $1,343.5 million, as set forth below:

| | UPC Holding | Telenet | Other | Total |
|---|---|---|---|---|
| | | in millions | | |
| Year ending December 31: | | | | |
| 2020 (remainder of year) | $ 209.1 | $ 121.0 | $ 36.7 | $ 366.8 |
| 2021 | 404.1 | 282.5 | 126.3 | 812.9 |
| 2022 | — | — | 85.0 | 85.0 |
| 2023 | — | — | 61.3 | 61.3 |
| 2024 | — | — | 16.7 | 16.7 |
| 2025 | — | — | 0.8 | 0.8 |
| Total vendor financing maturities | $ 613.2 | $ 403.5 | $ 326.8 | $ 1,343.5 |
| Current portion | $ 613.2 | $ 403.5 | $ 140.5 | $ 1,157.2 |
| Noncurrent portion | $ — | $ — | $ 186.3 | $ 186.3 |

## (10) Leases

### *General*

We enter into operating and finance leases for network equipment, real estate, mobile site sharing and vehicles. We provide residual value guarantees on certain of our vehicle leases.

### *Lease Balances*

A summary of our right-of-use (**ROU**) assets and lease liabilities is set forth below:

| | September 30, 2020 | December 31, 2019 |
|---|---|---|
| | in millions | |
| ROU assets: | | |
| Finance leases (a) | $ 433.9 | $ 531.0 |
| Operating leases (b) | 332.0 | 512.7 |
| Total ROU assets | $ 765.9 | $ 1,043.7 |
| | | |
| Lease liabilities: | | |
| Finance leases (c) | $ 532.7 | $ 617.1 |
| Operating leases (d) | 350.7 | 545.1 |
| Total lease liabilities | $ 883.4 | $ 1,162.2 |

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(a) Our finance lease ROU assets are included in property and equipment, net, on our condensed consolidated balance sheets. At September 30, 2020, the weighted average remaining lease term for finance leases was 22.9 years and the weighted average discount rate was 6.0%. During the nine months ended September 30, 2020 and 2019, we recorded non-cash additions to our finance lease ROU assets (including amounts related to the U.K. JV Entities) of $31.2 million and $47.2 million, respectively.

(b) Our operating lease ROU assets are included in other assets, net, on our condensed consolidated balance sheets. At September 30, 2020, the weighted average remaining lease term for operating leases was 7.5 years and the weighted average discount rate was 3.7%. During the nine months ended September 30, 2020 and 2019, we recorded non-cash additions to our operating lease ROU assets (including amounts related to the U.K. JV Entities) of $65.8 million and $53.9 million, respectively.

(c) The current and long-term portions of our finance lease liabilities are included within current portion of debt and finance lease liabilities and long-term debt and finance lease liabilities, respectively, on our condensed consolidated balance sheets.

(d) The current and long-term portions of our operating lease liabilities are included within other accrued and current liabilities and other long-term liabilities, respectively, on our condensed consolidated balance sheets.

A summary of our aggregate lease expense is set forth below:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | in millions | | | |
| Finance lease expense: | | | | |
| Depreciation and amortization | $ 17.0 | $ 19.7 | $ 53.1 | $ 65.0 |
| Interest expense | 7.8 | 8.4 | 24.0 | 25.4 |
| Total finance lease expense | 24.8 | 28.1 | 77.1 | 90.4 |
| Operating lease expense (a) | 34.2 | 36.5 | 99.8 | 103.8 |
| Short-term lease expense (a) | 1.6 | 2.0 | 4.9 | 6.0 |
| Variable lease expense (b) | 1.1 | 1.2 | 3.5 | 3.5 |
| Total lease expense | $ 61.7 | $ 67.8 | $ 185.3 | $ 203.7 |

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(a) Our operating lease expense and short-term lease expense are included in other operating expenses, SG&A expenses and impairment, restructuring and other operating items in our condensed consolidated statements of operations.

(b) Variable lease expense represents payments made to a lessor during the lease term that vary because of a change in circumstance that occurred after the lease commencement date. Variable lease payments are expensed as incurred and are included in other operating expenses in our condensed consolidated statements of operations.

A summary of our cash outflows from operating and finance leases is set forth below:

| | Nine months ended September 30, | |
|---|---|---|
| | 2020 | 2019 |
| | in millions | |
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash outflows from operating leases | $ 94.5 | $ 105.7 |
| Operating cash outflows from finance leases | 24.0 | 25.4 |
| Financing cash outflows from finance leases | 75.8 | 53.7 |
| Total cash outflows from operating and finance leases | $ 194.3 | $ 184.8 |

Maturities of our operating and finance lease liabilities as of September 30, 2020 are presented below. As a result of the held-for-sale presentation of the U.K. JV Entities on our September 30, 2020 condensed consolidated balance sheet, the amounts presented below do not include maturities of operating and finance lease liabilities of these entities. For information regarding the held-for-sale presentation of the U.K. JV Entities, see note 4. Amounts represent U.S. dollar equivalents based on September 30, 2020 exchange rates:

| | Operating leases | Finance leases |
|---|---|---|
| | in millions | |
| Year ending December 31: | | |
| 2020 (remainder of year) | $ 20.0 | $ 28.7 |
| 2021 | 72.5 | 96.9 |
| 2022 | 58.8 | 94.0 |
| 2023 | 50.6 | 95.1 |
| 2024 | 42.4 | 56.9 |
| 2025 | 35.7 | 53.0 |
| Thereafter | 115.7 | 264.6 |
| Total payments | 395.7 | 689.2 |
| Less: present value discount | (45.0) | (156.5) |
| Present value of lease payments | $ 350.7 | $ 532.7 |
| Current portion | $ 67.9 | $ 70.9 |
| Noncurrent portion | $ 282.8 | $ 461.8 |

## (11) Income Taxes

Income tax benefit attributable to our earnings (loss) from continuing operations before income taxes differs from the amounts computed using the applicable income tax rate as a result of the following factors:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | in millions | | | |
| Computed "expected" tax benefit (expense) (a) | $ 215.6 | $ (98.2) | $ 132.8 | $ 14.3 |
| Enacted tax law and rate changes (b) | 242.3 | 12.1 | 274.0 | 2.3 |
| Change in valuation allowances | (98.7) | 132.8 | (198.3) | 199.2 |
| Recognition of previously unrecognized tax benefits | — | (3.5) | 188.8 | 0.9 |
| Non-deductible or non-taxable foreign currency exchange results | (224.4) | 102.7 | (166.6) | 152.1 |
| Tax benefit associated with technology innovation (c) | 4.9 | — | 54.4 | |
| Basis and other differences in the treatment of items associated with investments in subsidiaries and affiliates (d) | (8.6) | (49.8) | (26.3) | (216.2) |
| Non-deductible or non-taxable interest and other items | 26.2 | (22.3) | (20.1) | (152.2) |
| International rate differences (e) | (2.9) | (2.1) | (6.7) | 13.4 |
| Other, net | 6.8 | (0.9) | 7.1 | 2.4 |
| Total income tax benefit | $ 161.2 | $ 70.8 | $ 239.1 | $ 16.2 |

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(a) The statutory or "expected" tax rate is the U.K. rate of 19.0%.

(b) On July 22, 2020, legislation was enacted in the U.K. to maintain the corporate income tax rate at 19.0%, reversing previous legislation that had reduced the U.K. rate to 17.0% from April 1, 2020. The impact of this rate change on our deferred balances was recorded during the third quarter of 2020.

(c) Amount reflects the recognition of the innovation income tax deduction in Belgium, including the one-time effect of deductions related to prior periods.

(d) These amounts reflect the net impact of differences in the treatment of income and loss items between financial reporting and tax accounting related to investments in subsidiaries and affiliates including the effects of foreign earnings.

(e) Amounts reflect adjustments (either a benefit or expense) to the "expected" tax benefit (expense) for statutory rates in jurisdictions in which we operate outside of the U.K.

As of September 30, 2020, our unrecognized tax benefits of $340.0 million included $145.9 million of unrecognized tax benefits that would have a favorable impact on our effective income tax rate if ultimately recognized, after considering amounts that we would expect to be offset by valuation allowances and other factors.

During the next 12 months, it is reasonably possible that the resolution of ongoing examinations by tax authorities, as well as the expiration of statutes of limitation and other items, could result in reductions to our unrecognized tax benefits related to tax positions taken as of September 30, 2020. The amount of any such reductions could range up to $55.0 million, of which approximately $5.0 million would have a positive impact on our effective tax rate. Other than the potential impacts of these ongoing examinations and the expected expiration of certain statutes of limitation, we do not expect any material changes to our unrecognized tax benefits during the next 12 months. No assurance can be given as to the nature or impact of any changes in our unrecognized tax positions during the next 12 months.

Certain of our subsidiaries are currently involved in income tax examinations in various jurisdictions in which we operate, including the Netherlands, Poland, the U.K. and the U.S. While we do not expect adjustments from the foregoing examinations to have a material impact on our consolidated financial position, results of operations or cash flows, no assurance can be given that this will be the case given the amounts involved and the complex nature of the related issues.

## (12) Equity

*Share Repurchases.* During the nine months ended September 30, 2020, we repurchased (i) 1,309,000 shares of our class A ordinary shares at an average price per share of $22.38 and (ii) 50,164,423 shares of our class C ordinary shares at an average price per share of $18.93, for an aggregate purchase price of $979.2 million, including direct acquisition costs. At September 30, 2020, the remaining amount authorized for share repurchases was $92.6 million. In November 2020, our board of directors authorized an additional $1.0 billion for share repurchases.

## (13) Share-based Compensation

Our share-based compensation expense primarily relates to the share-based incentive awards issued by Liberty Global to its employees and employees of its subsidiaries. A summary of our aggregate share-based compensation expense is set forth below:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | in millions | | | |
| Liberty Global: | | | | |
| Performance-based incentive awards (a) | $ 57.0 | $ 28.9 | $ 106.3 | $ 96.8 |
| Non-performance based incentive awards (b) | 27.8 | 31.6 | 93.9 | 82.6 |
| Other (c) | 6.9 | 8.0 | 19.1 | 30.5 |
| Total Liberty Global | 91.7 | 68.5 | 219.3 | 209.9 |
| Other | 12.7 | 5.5 | 24.1 | 18.4 |
| Total | $ 104.4 | $ 74.0 | $ 243.4 | $ 228.3 |
| Included in: | | | | |
| Other operating expense | $ 2.5 | $ 1.1 | $ 4.8 | $ 3.0 |
| SG&A expense | 101.9 | 72.9 | 238.6 | 225.3 |
| Total | $ 104.4 | $ 74.0 | $ 243.4 | $ 228.3 |

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(a) Includes share-based compensation expense related to (i) performance-based restricted share units (**PSUs**), (ii) a challenge performance award plan for certain executive officers and key employees (the **2019 Challenge Performance Awards**), which included performance-based share appreciation rights (**PSARs**) and PSUs granted in March 2019, and (iii) the performance-based portion of a performance award granted to our Chief Executive Officer in May 2019 (the **2019 CEO Performance Award**).

(b) In 2019, we changed our policy to provide that all new equity grants would have ten-year contractual terms in order to more closely align with common market practice. In April 2020, the compensation committee of our board of directors approved the extension of the expiration dates of outstanding share appreciation rights (**SARs**) and director options granted in 2013 from a seven-year term to a ten-year term in order to align with this new policy. Accordingly, the Black-Scholes fair values of the outstanding awards increased, resulting in the recognition of an aggregate incremental share-based compensation expense of $18.9 million during the second quarter of 2020. The 2019 amounts include share-based compensation expense related to the restricted share awards (**RSAs**) issued under the 2019 CEO Performance Award.

(c) Represents annual incentive compensation and defined contribution plan liabilities that have been or are expected to be settled with Liberty Global ordinary shares. In the case of the annual incentive compensation, shares have been or will be issued to senior management and key employees pursuant to a shareholding incentive program. The shareholding incentive program allows these employees to elect to receive up to 100% of their annual incentive compensation in ordinary shares of Liberty Global in lieu of cash.

The following table provides the aggregate number of options, SARs and PSARs with respect to awards issued by Liberty Global that were (i) outstanding and (ii) exercisable as of September 30, 2020:

| | Class A | | Class C | |
|---|---|---|---|---|
| | Gross number of shares underlying option, SAR and PSAR awards (a) | Weighted Average exercise or base price | Gross number of shares underlying option, SAR and PSAR awards (a) | Weighted Average exercise or base price |
| Held by Liberty Global employees: | | | | |
| Outstanding | 23,912,350 | $ 27.19 | 52,501,482 | $ 26.07 |
| Exercisable | 11,650,343 | $ 32.33 | 27,338,053 | $ 30.36 |
| Held by former Liberty Global employees (b): | | | | |
| Outstanding | 1,428,077 | $ 34.09 | 3,176,210 | $ 32.22 |
| Exercisable | 1,403,436 | $ 34.07 | 3,126,939 | $ 32.18 |

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(a) Amounts represent the gross number of shares associated with option, SAR and PSAR awards issued to our current and former employees and our directors. Our company settles SARs and PSARs on a net basis when exercised by the award holder, whereby the number of shares issued represents the excess value of the award based on the market price of the respective Liberty Global shares at the time of exercise relative to the award's exercise price. In addition, the number of shares issued is further reduced by the amount of the employee's required income tax withholding.

(b) Amounts represent certain share-based awards that continue to be held by former employees of Liberty Global subsequent to certain split-off or disposal transactions. Although we do not recognize share-based compensation expense with respect to these awards, any future exercises of these SARs and PSARs by such former employees will increase the number of our outstanding ordinary shares.

The following table provides the aggregate number of restricted share units (**RSUs**) and PSUs that were outstanding as of September 30, 2020. The number of shares to be issued on the vesting date of these awards will be reduced by the amount of the employee's required income tax withholding.

| | Class A | Class B | Class C |
|---|---|---|---|
| Held by Liberty Global employees: | | | |
| RSUs | 2,501,418 | — | 4,995,466 |
| PSUs | 2,736,957 | 660,000 | 5,473,398 |
| Held by former Liberty Global employees (a): | | | |
| RSUs | 880 | — | 1,748 |
| PSUs | 24,521 | — | 49,034 |

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(a) Amounts represent certain share-based awards that continue to be held by former employees of Liberty Global subsequent to certain split-off or disposal transactions. Although we do not recognize share-based compensation expense with respect to these awards, the future vesting of these RSUs and PSUs will increase the number of our outstanding ordinary shares.

## (14) Restructuring Liability

A summary of changes in our restructuring liabilities during the nine months ended September 30, 2020 is set forth in the table below:

| | Employee severance and termination | Office closures | Contract termination | Total |
|---|---|---|---|---|
| | in millions | | | |
| Restructuring liability as of January 1, 2020 | $ 19.1 | $ 2.2 | $ 10.6 | $ 31.9 |
| Restructuring charges | 32.3 | 3.1 | 6.4 | 41.8 |
| Cash paid | (39.6) | (2.2) | (7.2) | (49.0) |
| Reclassification to held for sale (a) | (2.8) | (3.4) | — | (6.2) |
| Foreign currency translation adjustments and other | 0.4 | 0.3 | (1.2) | (0.5) |
| Restructuring liability as of September 30, 2020 | $ 9.4 | $ — | $ 8.6 | $ 18.0 |
| | | | | |
| Current portion | $ 9.4 | $ — | $ 3.1 | $ 12.5 |
| Noncurrent portion | — | — | 5.5 | 5.5 |
| Total | $ 9.4 | $ — | $ 8.6 | $ 18.0 |

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(a) Represents the reclassification of the restructuring liabilities associated with the U.K. JV Entities as of September 30, 2020 to liabilities associated with assets held for sale. For information regarding the held-for-sale presentation of the U.K. JV Entities, see note 4.

Our restructuring charges during the nine months ended September 30, 2020 included employee severance and termination costs related to certain reorganization activities of $12.7 million in Switzerland, $11.8 million in U.K./Ireland and $6.6 million in Central and Corporate.

## (15) Earnings or Loss per Share

Basic earnings or loss per share (**EPS**) is computed by dividing net earnings or loss by the weighted average number of shares outstanding for the period. Diluted EPS presents the dilutive effect, if any, on a per share basis of potential shares (e.g., options, SARs, RSUs, RSAs, PSARs and PSUs) as if they had been exercised, vested or converted at the beginning of the periods presented.

The details of our basic and diluted weighted average ordinary shares outstanding are set forth below:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| Weighted average ordinary shares outstanding (basic EPS computation) | 590,985,197 | 714,234,500 | 608,816,109 | 730,476,710 |
| Incremental shares attributable to the assumed exercise of outstanding options and SARs and the release of RSUs and PSUs upon vesting (treasury stock method) | — | 3,086,122 | — | — |
| Weighted average ordinary shares outstanding (diluted EPS computation) | 590,985,197 | 717,320,622 | 608,816,109 | 730,476,710 |

A total of 61.1 million options, SARs and RSUs and 25.2 million PSARs and PSUs were excluded from the calculation of diluted earnings per share during the three months ended September 30, 2019 because their effect would have been anti-dilutive or, in the case of the PSARs and PSUs, because such awards had not yet met the applicable performance criteria.

We reported losses from continuing operations attributable to Liberty Global shareholders for the three and nine months ended September 30, 2020 and the nine months ended September 30, 2019. Therefore, the potentially dilutive effect at September 30, 2020 and 2019 of the following items was not included in the computation of diluted loss from continuing operations attributable to Liberty Global shareholders per share for such periods because their inclusion would have been anti-dilutive to the computation or, in the case of certain PSARs and PSUs, because such awards had not yet met the applicable performance criteria: (i) the aggregate number of shares issuable pursuant to outstanding options, SARs, RSUs and RSAs of 77.3 million and 59.2 million, respectively, and (ii) the aggregate number of shares issuable pursuant to PSARs and PSUs of 20.2 million and 5.8 million, respectively.

## (16) Commitments and Contingencies

### *Commitments*

In the normal course of business, we have entered into agreements that commit our company to make cash payments in future periods with respect to network and connectivity commitments, programming contracts, purchases of customer premises and other equipment and services and other items. The following table sets forth the U.S. dollar equivalents of such commitments as of September 30, 2020. Due to the held-for-sale presentation of the U.K. JV Entities at September 30, 2020, the contractual commitments of these entities have been shown separately in the table below. For information regarding the held-for-sale presentation of the U.K. JV Entities, see note 4. The commitments included in this table do not reflect any liabilities that are included on our September 30, 2020 condensed consolidated balance sheet.

| | Payments due during: | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Remainder of 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Thereafter | Total |
| | in millions | | | | | | | |
| Network and connectivity commitments | $ 45.5 | $ 99.8 | $ 70.3 | $ 44.9 | $ 38.5 | $ 37.0 | $ 714.7 | $ 1,050.7 |
| Programming commitments | 108.9 | 233.9 | 139.7 | 47.5 | 14.9 | 14.5 | 16.8 | 576.2 |
| Purchase commitments | 147.8 | 227.8 | 49.6 | 33.6 | 18.2 | 15.0 | 11.2 | 503.2 |
| Other commitments | 2.0 | 3.0 | 3.0 | 1.8 | 1.4 | 0.4 | 1.1 | 12.7 |
| Total | $ 304.2 | $ 564.5 | $ 262.6 | $ 127.8 | $ 73.0 | $ 66.9 | $ 743.8 | $ 2,142.8 |
| U.K. JV Entities | $ 607.0 | $ 1,210.2 | $ 360.2 | $ 14.6 | $ 4.4 | $ 3.7 | $ 16.4 | $ 2,216.5 |

Network and connectivity commitments include Telenet's commitments for certain operating costs associated with its leased network. Telenet's commitments for certain operating costs are subject to adjustment based on changes in the network operating costs incurred by Telenet with respect to its own networks. These potential adjustments are not subject to reasonable estimation and, therefore, are not included in the above table. The amounts reflected in the above table with respect to certain of our mobile virtual network operator (**MVNO**) commitments represent fixed minimum amounts payable under these agreements and, therefore, may be significantly less than the actual amounts we ultimately pay in these periods.

Programming commitments consist of obligations associated with certain of our programming, studio output and sports rights 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, (ii) whether we terminate service to a portion of our subscribers or dispose of a portion of our distribution systems or (iii) whether we discontinue our premium sports services. 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 this will continue to be the case in future periods. In this regard, our total programming and copyright costs (including amounts related to the U.K. JV Entities) aggregated $1,246.7 million and $1,251.3 million during the nine months ended September 30, 2020 and 2019, respectively.

Programming costs include (i) agreements to distribute channels to our customers, (ii) exhibition rights of programming content and (iii) sports rights.

*Channel Distribution Agreements*. Our channel distribution agreements are generally multi-year contracts for which we are charged either (i) variable rates based upon the number of subscribers or (ii) on a flat fee basis. Certain of our variable rate contracts require minimum guarantees. Programming costs under such arrangements are recorded in operating costs and expenses in our condensed consolidated statement of operations when the programming is available for viewing.

*Exhibition Rights*. Our agreements for exhibition rights are generally multi-year license agreements for which we are typically charged either (i) a percentage of the revenue earned per program or (ii) a flat fee per program. The current and long-term portions of our exhibition rights acquired under licenses are recorded as other current assets and other assets, net, respectively, on our condensed consolidated balance sheet when the license period begins and the program is available for its first showing. Capitalized exhibition rights are amortized based on the projected future showings of the content using a straight-line or accelerated method of amortization, as appropriate. Exhibition rights are regularly reviewed for impairment and held at the lower of unamortized cost or estimated net realizable value.

*Sports Rights*. Our sports rights agreements are generally multi-year contracts for which we are typically charged a flat fee per season. We typically pay for sports rights in advance of the respective season. The current and long-term portions of any payments made in advance of the respective season are recorded as other current assets and other assets, net, respectively, on our condensed consolidated balance sheet and are amortized on a straight-line basis over the respective sporting season. Sports rights are regularly reviewed for impairment and held at the lower of unamortized cost or estimated net realizable value.

Purchase commitments include unconditional and legally binding obligations related to (i) the purchase of customer premises and other equipment and (ii) certain service-related commitments, including call center, information technology and maintenance services.

In addition to the commitments set forth in the table above, we have significant commitments under (i) derivative instruments and (ii) defined benefit plans and similar agreements, 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, 2020 and 2019, see note 6.

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

***Guarantees and Other Credit Enhancements***

In the ordinary course of business, we may provide (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***

*Interkabel Acquisition.* On November 26, 2007, Telenet and four associations of municipalities in Belgium, which we refer to as the pure intercommunales or the “**PICs**,” announced a non-binding agreement-in-principle to transfer the analog and digital television activities of the PICs, including all existing subscribers, to Telenet. Subsequently, Telenet and the PICs entered into a binding agreement (the **2008 PICs Agreement**), which closed effective October 1, 2008. Beginning in December 2007, Proximus NV/SA (**Proximus**), the incumbent telecommunications operator in Belgium, instituted several proceedings seeking to block implementation of these agreements. Proximus lodged summary proceedings with the President of the Court of First Instance of

Antwerp to obtain a provisional injunction preventing the PICs from effecting the agreement-in-principle and initiated a civil procedure on the merits claiming the annulment of the agreement-in-principle. In March 2008, the President of the Court of First Instance of Antwerp ruled in favor of Proximus in the summary proceedings, which ruling was overturned by the Court of Appeal of Antwerp in June 2008. Proximus brought this appeal judgment before the Cour de Cassation (the **Belgian Supreme Court**), which confirmed the appeal judgment in September 2010. On April 6, 2009, the Court of First Instance of Antwerp ruled in favor of the PICs and Telenet in the civil procedure on the merits, dismissing Proximus's request for the rescission of the agreement-in-principle and the 2008 PICs Agreement. On June 12, 2009, Proximus appealed this judgment with the Court of Appeal of Antwerp. In this appeal, Proximus is now also seeking compensation for damages. While these proceedings were suspended indefinitely, other proceedings were initiated, which resulted in a ruling by the Belgian Council of State in May 2014 annulling (i) the decision of the PICs not to organize a public market consultation and (ii) the decision from the PICs' board of directors to approve the 2008 PICs Agreement. In December 2015, Proximus resumed the civil proceedings pending with the Court of Appeal of Antwerp seeking to have the 2008 PICs Agreement annulled and claiming damages of €1.4 billion ($1.6 billion).

In December 2017, the Court of Appeals of Antwerp issued a judgment rejecting Proximus' claims. In June 2019, Proximus filed an appeal of the Court of Appeals of Antwerp's judgment with the Belgian Supreme Court. No assurance can be given as to the outcome of these or other proceedings. However, an unfavorable outcome of existing or future proceedings could potentially lead to the annulment of the 2008 PICs Agreement and/or to an obligation of Telenet to pay compensation for damages, subject to the relevant provisions of the 2008 PICs Agreement, which stipulate that Telenet is responsible for damages in excess of €20.0 million ($23.4 million). We do not expect the ultimate resolution of this matter to have a material impact on our results of operations, cash flows or financial position. No amounts have been accrued by us with respect to this matter as the likelihood of loss is not considered to be probable.

*Telekom Deutschland Litigation.* On December 28, 2012, Unitymedia filed a lawsuit against Telekom Deutschland GmbH (**Telekom Deutschland**) in which Unitymedia asserts that it pays excessive prices for the co-use of Telekom Deutschland's cable ducts in Unitymedia's footprint. The Federal Network Agency approved rates for the co-use of certain ducts of Telekom Deutschland in March 2011. Based in part on these approved rates, Unitymedia sought a reduction of the annual lease fees by approximately five-sixths. In addition, Unitymedia is seeking the return of similarly calculated overpayments from 2009 through the ultimate settlement date, plus accrued interest. In October 2016, the first instance court dismissed this action, and in March 2018, the court of appeal dismissed Unitymedia's appeal of the first instance court's decision and did not grant permission to appeal further to the Federal Court of Justice. Unitymedia has filed a motion with the Federal Court of Justice to grant permission to appeal. The resolution of this matter may take several years and no assurance can be given that Unitymedia's claims will be successful. In connection with our sale of the Vodafone Disposal Group, we will only share in 50% of any amounts recovered, plus 50% of the net present value of certain cost savings in future periods that are attributable to the favorable resolution of this matter, less 50% of associated legal or other third-party fees paid post-completion of the sale of the Vodafone Disposal Group. Any amount we may recover related to this matter will not be reflected in our consolidated financial statements until such time as the final disposition of this matter has been reached.

*Belgium Regulatory Developments.* In June 2018, the Belgisch Instituut voor Post en Telecommunicatie and the regional regulators for the media sectors (together, the **Belgium Regulatory Authorities**) adopted a new decision finding that Telenet has significant market power in the wholesale broadband market (the **2018 Decision**). The 2018 Decision imposes on Telenet the obligations to (i) provide third-party operators with access to the digital television platform (including basic digital video and analog video) and (ii) make available to third-party operators a bitstream offer of broadband internet access (including fixed-line telephony as an option). Unlike prior decisions, the 2018 Decision no longer applies "retail minus" pricing on Telenet; however, as of August 1, 2018, this decision imposed a 17% interim price reduction in monthly wholesale cable access prices. On May 26, 2020, the Belgium Regulatory Authorities adopted a final decision regarding the "reasonable access tariffs" to replace the interim prices, which represents an estimated decrease of 11.5%, as compared to the initial August 1, 2018 interim rates, and is applicable as of July 1, 2020. These rates are expected to evolve over time due to, among other reasons, broadband capacity usage.

The 2018 Decision aims to, and in its application, may strengthen Telenet's competitors by granting them resale access to Telenet's network to offer competing products and services notwithstanding Telenet's substantial historical financial outlays in developing the infrastructure. In addition, any resale access granted to competitors could (i) limit the bandwidth available to Telenet to provide new or expanded products and services to the customers served by its network and (ii) adversely impact Telenet's ability to maintain or increase its revenue and cash flows. The extent of any such adverse impacts ultimately will be dependent on the extent that competitors take advantage of the resale access afforded to Telenet's network, the rates that Telenet receives for such access and other competitive factors or market developments. Telenet considers the 2018 Decision to be inconsistent with the principle of technology-neutral regulation and the European Single Market Strategy to stimulate further investments in broadband networks. Telenet challenged the 2018 Decision in the Brussels Court of Appeal. In September 2019, the Brussels Court of Appeal upheld the 2018 Decision, and consequently, the above-mentioned obligations stemming from the 2018 Decision remain in place. Telenet is currently considering whether to appeal the decision further.

*Virgin Media VAT Matters.* Virgin Media's application of VAT with respect to certain revenue generating activities has been challenged by the U.K. tax authorities (**HMRC**). HMRC claimed that amounts charged to certain Virgin Media customers for payment handling services are subject to VAT, while Virgin Media took the position that such charges were exempt from VAT under existing law. At the time of HMRC's initial challenge in 2009, Virgin Media remitted all related VAT amounts claimed by HMRC, and continued to make such VAT payments pending a ruling on Virgin Media's appeal to the First Tier Tribunal. As the likelihood of loss was not considered probable and Virgin Media believed that the amounts paid would be recoverable, such amounts were recorded as a receivable on our consolidated balance sheet. In January 2020, the First Tier Tribunal rejected our appeal and ruled in favor of HMRC. Accordingly, during the fourth quarter of 2019, we recorded a net provision for litigation of £41.3 million ($54.0 million at the applicable rate). Virgin Media has been granted permission to appeal the case to the Upper Tribunal, with the appeal being stayed pending the outcome of a related case. The timing of the final outcome of the litigation remains uncertain, although any further hearing on this matter is unlikely to occur before the third quarter of 2021.

In a separate matter, on March 19, 2014, the U.K. government announced a change in legislation with respect to the charging of VAT in connection with prompt payment discounts such as those that we offer to our fixed-line telephony customers. This change, which took effect on May 1, 2014, impacted our company and some of our competitors. HMRC issued a decision in the fourth quarter of 2015 challenging our application of the prompt payment discount rules prior to the May 1, 2014 change in legislation. We appealed this decision. As part of the appeal process, we were required to make aggregate payments of £67.0 million ($99.1 million at the respective transaction dates), comprising (i) the challenged amount of £63.7 million (which we paid during the fourth quarter of 2015) and (ii) related interest of £3.3 million (which we paid during the first quarter of 2016). No provision was recorded by our company at that time as the likelihood of loss was not considered to be probable. The aggregate amount paid does not include penalties, which could be significant in the event that penalties were to be assessed. In September 2018, the court rejected our appeal and ruled in favor of HMRC. Accordingly, during the third quarter of 2018, we recorded a provision for litigation of £63.7 million ($83.1 million at the average rate for the period) and related interest expense of £3.3 million ($4.4 million at the average rate for the period) in our condensed consolidated statement of operations. The First Tier Tribunal gave permission to appeal to the Upper Tribunal and we submitted grounds for appeal on February 22, 2019. We subsequently lost the appeal at the Upper Tribunal and in October 2020 our request to further appeal the case was denied by the Court of Appeal; accordingly, we now consider this matter to be closed.

*UPC Austria Matter*. On July 31 2018, we completed the sale of our Austrian operations, "**UPC Austria**," to Deutsche Telekom AG (**Deutsche Telekom**). In October of 2019, we received notification under the terms of the relevant acquisition agreements from Deutsche Telekom and its subsidiary T-Mobile Austria Holding GmbH (together, the **UPC Austria Sale Counterparties**), asserting claims of approximately €70.5 million ($82.6 million) together with an invitation to engage in amicable discussions to resolve the matter in a time and cost effective manner. We since received further asserted claims of approximately €20.6 million ($24.1 million). Discussions regarding the claims are preliminary and no amounts have been accrued by our company with respect to this matter as the likelihood of loss is not considered to be probable at this stage. We are unable to provide any meaningful estimate of a possible range of loss because, among other reasons, (i) we believe the assertions are unsupported and/or exaggerated, (ii) there are significant factual matters to be resolved and (iii) the matter is in a preliminary stage and we have yet to engage in detail with the UPC Austria Sale Counterparties. The acquisition agreement provides for arbitration of disputes in the event the parties are unable to resolve any differences. We intend to vigorously defend this matter.

*Other Contingency Matters.* In connection with the dispositions of certain of our operations, we provided tax indemnities to the counterparties for certain tax liabilities that could arise from the period we owned the respective operations, subject to certain thresholds. While we have not received notification from the counterparties for indemnification, it is reasonably possible that we could, and the amounts involved could be significant. No amounts have been accrued by our company as the likelihood of any loss is not considered to be probable.

*Other Regulatory Matters.* Video distribution, broadband internet, fixed-line telephony, mobile and content businesses are regulated in each of the countries in which we or our affiliates operate. The scope of regulation varies from country to country, although in some significant respects regulation in European markets is harmonized under the regulatory structure of the European Union (**E.U.**) 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.

Effective April 1, 2017, the rateable value of our existing network and other assets in the U.K. increased significantly. This increase affects the amount we pay for network infrastructure charges as the annual amount payable to the U.K. government is calculated by applying a percentage multiplier to the rateable value of assets. This change has and will continue to significantly increase our network infrastructure charges. As compared to 2019, we expect the aggregate amount of this increase will be approximately £16 million ($21 million) in 2020. Beyond 2020, we expect further but declining increases to these charges through the first quarter of 2022. We continue to believe that these increases are excessive and retain the right of appeal should more favorable agreements be reached with other operators. The rateable value of our network and other assets in the U.K. remains subject to review by the U.K. government.

The U.K. Office of Communications (**Ofcom**) is the key regulatory authority for the communications sector in which we operate in the U.K. Ofcom has recently issued new regulatory requirements that, effective in February 2020, obligate us to (i) alert customers who are approaching the end of a minimum contract term to the fact that their contract period is coming to an end and to set out the best new price that we can offer them and (ii) once a year, alert customers who are out of contract to that fact and again confirm the best new price we can offer them. In both cases, we must also set out the price available to new customers for an equivalent service offering. While we do not anticipate these requirements will have a material impact on our 2020 operating results, they could have a material adverse impact in future periods.

In late February 2020, we became aware that one of our databases did not have adequate access security protection and was accessed without permission. We immediately took remedial actions, ceased access to the database and commenced an investigation. The information in the database did not include any individual’s passwords or financial details, such as credit card information, or bank account numbers. We have taken steps to inform those individuals impacted and relevant regulatory authorities. The database had information pertaining to approximately 900,000 individuals (including customers and non-customers), representing a number that would be less than 15% of our total customer base. We do not expect this incident to have a material adverse impact on our results of operations, cash flows or financial condition for any fiscal period and given the preliminary nature of the matter we are unable to provide a meaningful estimate of a possible range of loss, if any.

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.

**(17) <u>Segment Reporting</u>**

We generally identify our reportable segments as (i) those consolidated subsidiaries that represent 10% or more of our revenue, Adjusted EBITDA (as defined below and as previously referred to as "Adjusted OIBDA") or total assets or (ii) those equity method affiliates where our investment or share of revenue or Adjusted EBITDA represents 10% or more of our total assets, revenue or Adjusted EBITDA, respectively. In certain cases, we may elect to include an operating segment in our segment disclosure that does not meet the above-described criteria for a reportable segment. We evaluate performance and make decisions about allocating resources to our operating segments based on financial measures such as revenue and Adjusted EBITDA. In addition, we review non-financial measures such as customer growth, as appropriate.

Adjusted EBITDA is the primary measure used by our chief operating decision maker to evaluate segment operating performance and is also a key factor that is used by our internal decision makers to (i) determine how to allocate resources to segments and (ii) evaluate the effectiveness of our management for purposes of annual and other incentive compensation plans. As we use the term, "**Adjusted EBITDA**" is defined as earnings (loss) from continuing operations before net income tax benefit (expense), other non-operating income or expenses, net share of results of affiliates, net gains (losses) on extinguishment of debt, net realized and unrealized gains (losses) due to changes in fair value of certain investments and debt, net foreign currency gains (losses), net gains (losses) on derivative instruments, net interest expense, 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 (a) gains and losses on the disposition of long-lived assets, (b) third-party costs directly associated with successful and unsuccessful acquisitions and dispositions, including legal, advisory and due diligence fees, as applicable, and (c) other acquisition-related items, such as gains and losses on the settlement of contingent consideration. Our internal decision makers believe Adjusted EBITDA is a meaningful measure because it represents a transparent view of our recurring operating performance that is unaffected by our capital structure and allows management to (1) readily view operating trends, (2) perform analytical comparisons and benchmarking between segments and (3) identify strategies to improve operating performance in the different countries in which we operate. A reconciliation of Adjusted EBITDA from continuing operations to earnings (loss) from continuing operations is presented below.

As of September 30, 2020, our reportable segments are as follows:

**Consolidated:**

- U.K./Ireland
- Belgium
- Switzerland
- Central and Eastern Europe

**Nonconsolidated:**

- VodafoneZiggo JV

All of our reportable segments derive their revenue primarily from residential and B2B communications services, including broadband internet, video, fixed-line telephony and mobile services.

Our central and corporate functions (**Central and Corporate**) primarily include (i) revenue earned from services provided to the VodafoneZiggo JV and various third parties related to transitional service agreements, (ii) revenue from sales of customer premises equipment to the VodafoneZiggo JV, (iii) costs associated with certain centralized functions, including billing systems, network operations, technology, marketing, facilities, finance and other administrative functions, and (iv) less significant consolidated operating segments that provide programming and other services.

During the fourth quarter of 2019, we changed the presentation of certain costs related to our centrally-managed technology and innovation function. These costs, which were previously included in Central and Corporate, are now allocated to our consolidated reportable segments. This change, which we refer to as the "**Centrally-held Cost Allocation**," was made as a result of internal changes with respect to the way in which our chief operating decision maker evaluates the Adjusted EBITDA of our operating segments. Segment information for the three and nine months ended September 30, 2019 has been revised to reflect this change. The following table provides a summary of the impact on the Adjusted EBITDA of our consolidated reportable segments and Central and Corporate that resulted from the Centrally-held Cost Allocation.

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | in millions | | | |
| Increase (decrease) to Adjusted EBITDA: | | | | |
| U.K./Ireland | $ (13.3) | $ (16.2) | $ (37.7) | $ (48.0) |
| Switzerland | (5.2) | (7.8) | (14.8) | (24.5) |
| Central and Eastern Europe | (2.6) | (3.6) | (7.8) | (10.9) |
| Central and Corporate | 21.1 | 27.6 | 60.3 | 83.4 |
| Total Liberty Global | $ — | $ — | $ — | $ — |

***Performance Measures of Our Reportable Segments***

The amounts presented below represent 100% of each of our reportable segment's revenue and Adjusted EBITDA. As we have the ability to control Telenet, we consolidate 100% of Telenet's revenue and expenses in our condensed consolidated statements of operations despite the fact that third parties own a significant interest. The noncontrolling owners' interests in the operating results of Telenet and other less significant majority-owned subsidiaries are reflected in net earnings or loss attributable to noncontrolling interests in our condensed consolidated statements of operations. Similarly, despite only holding a 50% noncontrolling interest in the VodafoneZiggo JV, we present 100% of its revenue and Adjusted EBITDA in the tables below. Our share of the VodafoneZiggo JV's operating results is included in share of results of affiliates, net, in our condensed consolidated statements of operations.

| | Revenue | | | |
|---|---|---|---|---|
| | Three months ended September 30, | | Nine months ended September 30, | |
| | 2020 | 2019 | 2020 | 2019 |
| | in millions | | | |
| U.K./Ireland | $ 1,669.5 | $ 1,579.9 | $ 4,821.9 | $ 4,885.2 |
| Belgium | 746.6 | 721.9 | 2,147.2 | 2,147.0 |
| Switzerland | 315.0 | 311.7 | 930.9 | 942.7 |
| Central and Eastern Europe | 124.2 | 117.2 | 359.5 | 355.4 |
| Central and Corporate | 101.9 | 110.5 | 296.8 | 231.4 |
| Intersegment eliminations | (2.7) | (0.3) | (3.1) | (2.4) |
| Total | $ 2,954.5 | $ 2,840.9 | $ 8,553.2 | $ 8,559.3 |
| | | | | |
| VodafoneZiggo JV | $ 1,166.7 | $ 1,096.9 | $ 3,345.4 | $ 3,275.3 |

| | Adjusted EBITDA | | | |
|---|---|---|---|---|
| | Three months ended September 30, | | Nine months ended September 30, | |
| | 2020 | 2019 (a) | 2020 | 2019 (a) |
| | in millions | | | |
| U.K./Ireland | $ 665.0 | $ 657.8 | $ 1,975.3 | $ 2,037.5 |
| Belgium | 367.4 | 358.6 | 1,053.1 | 1,047.0 |
| Switzerland | 154.4 | 160.2 | 439.4 | 476.3 |
| Central and Eastern Europe | 54.0 | 54.6 | 161.0 | 162.4 |
| Central and Corporate | (31.6) | (19.2) | (80.8) | (138.6) |
| Intersegment eliminations (b) | — | (0.3) | — | 1.1 |
| Total | $ 1,209.2 | $ 1,211.7 | $ 3,548.0 | $ 3,585.7 |
| VodafoneZiggo JV | $ 559.1 | $ 500.1 | $ 1,593.4 | $ 1,481.5 |

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(a) Amounts have been revised to reflect the retrospective impact of the Centrally-held Cost Allocation, as described above.

(b) Amounts for the 2019 periods are related to transactions between our continuing and discontinued operations prior to the disposal dates of such discontinued operations.

The following table provides a reconciliation of earnings (loss) from continuing operations to Adjusted EBITDA:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | in millions | | | |
| Earnings (loss) from continuing operations | $ (973.6) | $ 587.2 | $ (459.7) | $ (59.3) |
| Income tax benefit | (161.2) | (70.8) | (239.1) | (16.2) |
| Other income, net | (5.3) | (36.3) | (67.2) | (75.3) |
| Share of results of affiliates, net | 27.1 | 32.8 | 99.1 | 173.0 |
| Losses on debt extinguishment, net | 0.3 | 48.5 | 220.4 | 97.3 |
| Realized and unrealized losses (gains) due to changes in fair values of certain investments and debt, net | 21.5 | (56.4) | 399.0 | 90.5 |
| Foreign currency transaction losses (gains), net | 755.7 | (54.2) | 842.0 | (165.8) |
| Realized and unrealized losses (gains) on derivative instruments, net | 717.8 | (582.1) | (199.8) | (652.2) |
| Interest expense | 279.8 | 340.1 | 874.8 | 1,071.0 |
| Operating income | 662.1 | 208.8 | 1,469.5 | 463.0 |
| Impairment, restructuring and other operating items, net | (15.8) | 36.0 | 47.4 | 140.1 |
| Depreciation and amortization | 458.5 | 892.9 | 1,787.7 | 2,754.3 |
| Share-based compensation expense | 104.4 | 74.0 | 243.4 | 228.3 |
| Adjusted EBITDA | $ 1,209.2 | $ 1,211.7 | $ 3,548.0 | $ 3,585.7 |

***Property and Equipment Additions of our Reportable Segments***

The property and equipment additions of our reportable segments (including capital additions financed under vendor financing or finance lease arrangements) are presented below and reconciled to the capital expenditure amounts included in our condensed consolidated statements of cash flows. For additional information concerning capital additions financed under vendor financing and finance lease arrangements, see notes 8 and 10.

| | Nine months ended September 30, | |
|---|---|---|
| | **2020** | **2019** |
| | **in millions** | |
| U.K./Ireland | $ 1,029.7 | $ 1,128.5 |
| Belgium | 375.1 | 391.6 |
| Switzerland | 181.8 | 207.2 |
| Central and Eastern Europe | 69.3 | 66.2 |
| Central and Corporate (a) | 244.2 | 246.6 |
| Total property and equipment additions | 1,900.1 | 2,040.1 |
| Assets acquired under capital-related vendor financing arrangements | (1,033.6) | (1,303.2) |
| Assets acquired under finance leases | (31.2) | (47.2) |
| Changes in current liabilities related to capital expenditures | 125.2 | 210.4 |
| Total capital expenditures, net | $ 960.5 | $ 900.1 |
| | | |
| Capital expenditures, net: | | |
| Third-party payments | $ 963.0 | $ 976.0 |
| Proceeds received for transfers to related parties (b) | (2.5) | (75.9) |
| Total capital expenditures, net | $ 960.5 | $ 900.1 |
| | | |
| Property and equipment additions - VodafoneZiggo JV | $ 685.3 | $ 680.4 |

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(a) Includes (i) property and equipment additions representing centrally-owned assets that benefit our operating segments and (ii) the net impact of certain centrally-procured network equipment that is ultimately transferred to our operating segments.

(b) Primarily relates to transfers of centrally-procured property and equipment to the VodafoneZiggo JV and, for the 2019 period, our discontinued operations.

***Revenue by Major Category***

Our revenue by major category for our consolidated reportable segments is set forth below:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| | **in millions** | | | |
| Residential revenue: | | | | |
| Residential cable revenue (a): | | | | |
| Subscription revenue (b): | | | | |
| Broadband internet | $ 822.8 | $ 776.6 | $ 2,400.6 | $ 2,378.9 |
| Video | 680.8 | 660.5 | 1,997.5 | 2,029.2 |
| Fixed-line telephony | 332.4 | 341.1 | 998.9 | 1,070.3 |
| Total subscription revenue | 1,836.0 | 1,778.2 | 5,397.0 | 5,478.4 |
| Non-subscription revenue | 48.6 | 43.6 | 137.2 | 142.1 |
| Total residential cable revenue | 1,884.6 | 1,821.8 | 5,534.2 | 5,620.5 |
| Residential mobile revenue (c): | | | | |
| Subscription revenue (b) | 251.1 | 235.0 | 714.3 | 694.4 |
| Non-subscription revenue | 179.6 | 166.0 | 454.6 | 496.0 |
| Total residential mobile revenue | 430.7 | 401.0 | 1,168.9 | 1,190.4 |
| Total residential revenue | 2,315.3 | 2,222.8 | 6,703.1 | 6,810.9 |
| B2B revenue (d): | | | | |
| Subscription revenue | 134.5 | 119.8 | 382.5 | 350.4 |
| Non-subscription revenue | 367.4 | 343.5 | 1,055.1 | 1,072.7 |
| Total B2B revenue | 501.9 | 463.3 | 1,437.6 | 1,423.1 |
| Other revenue (e) | 137.3 | 154.8 | 412.5 | 325.3 |
| Total | $ 2,954.5 | $ 2,840.9 | $ 8,553.2 | $ 8,559.3 |

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(a) Residential cable subscription revenue includes amounts received from subscribers for ongoing services and the recognition of deferred installation revenue over the associated contract period. Residential cable non-subscription revenue includes, among other items, channel carriage fees, late fees and revenue from the sale of equipment.

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

(c) Residential mobile subscription revenue includes amounts received from subscribers for ongoing services. Residential mobile non-subscription revenue includes, among other items, interconnect revenue and revenue from sales of mobile handsets and other devices.

(d) B2B subscription revenue represents revenue from services to certain small or home office (**SOHO**) subscribers. SOHO subscribers pay a premium price to receive expanded service levels along with broadband internet, video, fixed-line telephony or mobile services that are the same or similar to the mass marketed products offered to our residential subscribers. B2B non-subscription revenue includes (i) revenue from business broadband internet, video, fixed-line telephony, mobile and data services offered to medium to large enterprises and, on a wholesale basis, to other operators and (ii) revenue from long-term leases of portions of our network.

(e) Other revenue includes, among other items, (i) revenue earned from transitional and other services provided to various third parties, (ii) revenue earned from the JV Services and the sale of customer premises equipment to the VodafoneZiggo JV and (iii) broadcasting revenue in Belgium and Ireland.

***Geographic Segments***

The revenue of our geographic segments is set forth below:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| | in millions | | | |
| U.K. | $ 1,543.6 | $ 1,456.3 | $ 4,457.2 | $ 4,507.5 |
| Belgium | 746.6 | 721.9 | 2,147.2 | 2,147.0 |
| Switzerland | 315.0 | 311.7 | 930.9 | 942.7 |
| Ireland | 125.9 | 123.6 | 364.7 | 377.7 |
| Poland | 111.6 | 104.9 | 322.0 | 318.3 |
| Slovakia | 12.6 | 12.3 | 37.5 | 37.1 |
| Other, including intersegment eliminations | 99.2 | 110.2 | 293.7 | 229.0 |
| Total | $ 2,954.5 | $ 2,840.9 | $ 8,553.2 | $ 8,559.3 |
| | | | | |
| VodafoneZiggo JV (the Netherlands) | $ 1,166.7 | $ 1,096.9 | $ 3,345.4 | $ 3,275.3 |

## Item 2. 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 10-K, is intended to assist in providing an understanding of our financial condition, changes in financial condition and results of operations and is organized as follows:

- *Forward-looking Statements.* This section provides a description of certain factors that could cause actual results or events to differ materially from anticipated results or events.
- *Overview.* This section provides a general description of our business and recent events.
- *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, 2020 and 2019.
- *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 Liberty Global or collectively to Liberty Global and its subsidiaries.

Unless otherwise indicated, convenience translations into U.S. dollars are calculated as of September 30, 2020.

### Forward-looking Statements

Certain statements in this Quarterly Report on Form 10-Q constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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 *Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations* and *Part I, Item 3. Quantitative and Qualitative Disclosures About Market Risk* may contain forward-looking statements, including statements regarding our business, product, foreign currency and finance strategies, our property and equipment additions (including with respect to the Network Extensions, as defined below), subscriber growth and retention rates, competitive, regulatory and economic factors, the timing and impacts of proposed transactions, the maturity of our markets, the potential impact of COVID-19 on our company, 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, interest rate risks, target leverage levels, debt covenants, our future projected contractual commitments and cash flows and other information and statements that are not historical fact. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. In evaluating these statements, you should consider the risks and uncertainties discussed in our 10-K and this Quarterly Report on Form 10-Q, as well as 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 countries in which we or our affiliates operate;
- the competitive environment in the industries in the countries in which we or our affiliates operate, including competitor responses to our products and services;
- fluctuations in currency exchange rates and interest rates;
- instability in global financial markets, including sovereign debt issues and related fiscal reforms;
- consumer disposable income and spending levels, including the availability and amount of individual consumer debt;
- changes in consumer television viewing and broadband usage preferences and habits;
- consumer 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;
- our ability to manage rapid technological changes;

- our ability to maintain or increase the number of subscriptions to our broadband internet, cable television, fixed-line telephony and mobile service offerings and our average revenue per household;
- our ability to provide satisfactory customer service, including support for new and evolving products and services;
- our ability to maintain or increase rates to our subscribers or to pass through increased costs to our subscribers;
- the impact of our future financial performance, or market conditions generally, on the availability, terms and deployment of capital;
- changes in, or failure or inability to comply with, government regulations in the countries in which we or our affiliates operate and adverse outcomes from regulatory proceedings;
- government intervention that requires opening our broadband distribution networks to competitors, such as the obligations imposed in Belgium;
- 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 that we expect to acquire;
- changes in laws or treaties relating to taxation, or the interpretation thereof, in the U.K., the U.S. or in other countries in which we or our affiliates operate;
- changes in laws and government regulations that may impact the availability and cost of capital and the derivative instruments that hedge certain of our financial risks;
- our ability to navigate the potential impacts on our business of the U.K.'s departure from the E.U.;
- the ability of suppliers and vendors (including our third-party wireless network providers under our MVNO arrangements) to timely deliver quality products, equipment, software, services and access;
- 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 network extension programs;
- 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;
- 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;
- our equity capital structure; and
- events that are outside of our control, such as political unrest in international markets, terrorist attacks, malicious human acts, natural disasters, pandemics or epidemics (such as COVID-19) and other similar events.

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

## Overview

### *General*

We are an international provider of broadband internet, video, fixed-line telephony and mobile communications services to residential customers and businesses in Europe. Our continuing operations comprise businesses that provide residential and B2B communications services in (i) the U.K. and Ireland through Virgin Media, (ii) Belgium through Telenet and (iii) Switzerland, Poland and Slovakia through UPC Holding. In addition, we own a 50% noncontrolling interest in the VodafoneZiggo JV, which provides residential and B2B communications services in the Netherlands.

As further described in note 4 to our condensed consolidated financial statements, we (i) completed the sale of our operations in Germany, Romania, Hungary and the Czech Republic (exclusive of our DTH operations) on July 31, 2019 and (ii) completed the sale of the operations of UPC DTH on May 2, 2019. Accordingly, our operations in Germany, Romania, Hungary and the Czech Republic and the operations of UPC DTH for the three and nine months ended September 30, 2019 are presented as discontinued operations. In the following discussion and analysis, the operating statistics, results of operations, cash flows and financial condition that we present and discuss are those of our continuing operations unless otherwise indicated.

Effective May 7, 2020, in connection with the pending formation of the U.K. JV, we began accounting for the U.K. JV Entities as held for sale. Accordingly, the assets and liabilities of the U.K. JV Entities are included in assets held for sale and liabilities associated with assets held for sale, respectively, on our September 30, 2020 condensed consolidated balance sheet. Consistent with the applicable guidance, we have not reflected similar reclassifications in our condensed consolidated statements of operations or cash flows. For further information regarding the pending formation of the U.K. JV, see note 4 to our condensed consolidated financial statements.

### *Operations*

At September 30, 2020, our continuing operations owned and operated networks that passed 26,127,400 homes and served 10,753,100 fixed-line customers and 6,550,400 mobile subscribers.

We currently are engaged in certain network extension programs across our footprint, which we collectively refer to as the "**Network Extensions**." During the first nine months of 2020, pursuant to the Network Extensions, our operations connected approximately 407,000 additional residential and commercial premises (excluding upgrades) to our two-way networks, including approximately 311,000 residential and commercial premises connected by Virgin Media in the U.K. and Ireland. Depending on a variety of factors, including the financial and operational results of these programs, the Network Extensions may be continued, modified or cancelled at our discretion.

### *Impact of COVID-19*

In March 2020, the World Health Organization declared the outbreak of COVID-19 to be a global pandemic. In response to the COVID-19 pandemic, emergency measures were imposed by governments worldwide, including travel restrictions, restrictions on social activity and the shutdown of non-essential businesses. These measures have adversely impacted the global economy, disrupted global supply chains and created significant volatility and disruption of financial markets. In accordance with government mandates or recommended guidelines, as well as our desire to protect the health and safety of our employees, customers and communities, many of our retail stores were temporarily closed in mid-March 2020 and remained closed for up to several months. In addition, on March 16, 2020, most of our office personnel began working remotely, and many continue to do so. We also undertook a number of commercial initiatives in response to the pandemic with respect to our product and service offerings, including (i) free-of-charge speed upgrades for many of our broadband internet customers, (ii) the offering of unlimited minutes to many of our postpaid mobile subscribers, (iii) increases in the number of available kids channels, as well as the offering of several free movies and television series to many of our video subscribers, (iv) modifications to our disconnection policies for non-paying customers, including (a) extended time periods for delinquent accounts before we commence service restrictions or disconnections and (b) the temporary suspension of certain late payment charges, and (v) the temporary pausing of certain sports subscription charges.

The facts and circumstances surrounding the COVID-19 pandemic continue to change rapidly and, accordingly, the ultimate impact that COVID-19 will have on the global economy and our company is highly uncertain and impossible to predict. To date, our company has not experienced an overall material adverse impact from the COVID-19 pandemic, as demand for the products and services that we provide has increased following the stay-at-home and remote work restrictions or recommendations that have been implemented throughout the countries in which we operate. In this regard, our residential net customer losses during the period impacted by the COVID-19 pandemic have thus far been generally in line with our expectations, as declines in gross residential customer additions have been offset by reductions in residential churn rates across all our markets. During the period from mid-March through September 30, 2020, certain of our revenue streams were adversely impacted by the COVID-19 pandemic, the most notable of which include (i) lower revenue associated with the loss of exclusive programming content, primarily during the second quarter of 2020, (ii) lower sales of mobile handsets, due largely to the fact that, as discussed above, many of our retail stores were closed for a significant portion of the second quarter, (iii) lower broadcasting revenue in Belgium and Ireland and (iv) lower interconnect and mobile roaming revenue resulting from changes in mobile usage associated with factors such as lower travel and the use of WiFi alternatives during stay-at-home mandates or recommendations. With respect to our Adjusted EBITDA during this timeframe, the aforementioned revenue declines had a less significant impact, as (a) we received certain credits during the second and third quarters of 2020 for content costs and lost revenue associated with the loss of exclusive programming content, which offset the related revenue declines, (b) mobile handset sales generate low margins and (c) the lower interconnect and roaming revenue was largely offset by similar declines in interconnect and roaming expenses. In addition, our Adjusted EBITDA has been positively impacted by various other factors relating to the COVID-19 pandemic, including (1) lower costs associated with customer service and sales and marketing and (2) the benefits to our Adjusted EBITDA related to the aforementioned declines in residential churn rates. In this regard, we estimate that the overall adverse impact of the COVID-19 pandemic on our Adjusted EBITDA during the second and third quarters of 2020 was relatively minimal. For additional information regarding the impact of COVID-19 on our results of operations for the three and nine months ended September 30, 2020, see *Discussion and Analysis of our Reportable Segments* below.

Although we have not yet experienced any material adverse impact to cash collections from our residential or B2B customers, the risk that certain customers will be unable to continue to pay for our services in future periods will increase to the extent that the current economic disruption is prolonged.

As our residential and business customers navigate through the COVID-19 pandemic, the connectivity that our broadband networks allow has been essential, and demand for the products and services that we provide has increased. This has resulted in a significant increase in data consumption by our customers, as well as the extension of peak traffic times, which were previously concentrated during evening hours and now span the majority of the day. Notwithstanding these increased traffic levels, our networks have continued to perform exceptionally well, and our technicians have and will continue to work diligently to ensure the reliability of our networks.

As indicated above, the COVID-19 pandemic has caused significant distress in global financial markets that could have an adverse impact on our company. However, we currently believe our financial risks are mitigated by several factors, including the following: (i) our access to our cash and cash equivalents and short-term investments has not been impaired during the period from mid-March through September 30, 2020, (ii) we do not currently perceive a significant risk of a credit event that would impair our cash holdings, derivative assets or restrict available credit facilities, (iii) we continue to maintain a strong balance sheet, with over 79% of our debt not due until 2026 or later, (iv) our credit facilities do not contain maintenance-based leverage covenants, with the exception of any revolving facilities that are drawn in excess of 40% of total availability (such revolving facilities were undrawn at September 30, 2020), and (v) our derivative instruments provide protection against adverse changes in financial markets, such as the weakening of the British pound sterling and declines in the value of certain of our fair value investments. In addition, we have implemented enhanced risk monitoring procedures at this time of heightened market volatility.

While it is not currently possible to estimate the duration and severity of the COVID-19 pandemic or the adverse economic impact resulting from the preventative measures taken to contain or mitigate its outbreak, an extended period of global economic disruption could have a material adverse impact on our business, financial condition and results of operations in future periods.

***Competition and Other External Factors***

We are experiencing competition in all of the markets in which we or our affiliates operate. This competition, together with macroeconomic and regulatory factors, has adversely impacted our revenue, number of customers and/or average monthly subscription revenue per fixed-line customer or mobile subscriber, as applicable (**ARPU**). For additional information regarding the revenue impact of changes in fixed-line customers and ARPU of our consolidated reportable segments, see *Discussion and Analysis of our Reportable Segments* below.

In addition to competition, our operations are subject to macroeconomic, political and other risks that are outside of our control. For example, on June 23, 2016, the U.K. held a referendum in which voters approved, on an advisory basis, an exit from the E.U., commonly referred to as "**Brexit**." The U.K. formally exited the E.U. on January 31, 2020, and has now entered into a transition period until December 31, 2020, during which the U.K. and the E.U. will negotiate to formalize the future U.K.-E.U. relationship with respect to a number of matters, most notably trade. Although the U.K. has ceased to be an E.U. member, during the transition period their trading relationship will remain the same and the U.K. will continue to follow the E.U.'s rules, such as accepting rulings from the European Court of Justice, and the U.K. will continue to contribute to the E.U.’s budget. Uncertainty remains as to what specific terms of separation may be agreed during the transition period. It is possible that the U.K. will fail to agree to specific separation terms with the E.U. by the end of the transition period, which, absent extension, may require the U.K. to leave the E.U. under a so-called “hard Brexit” or “no-deal Brexit” without specific agreements on trade, finance and other key elements. The foregoing has caused uncertainty as to Brexit’s impact on the free movement of goods, services, people and capital between the U.K. and the E.U., customer behavior, economic conditions, interest rates, currency exchange rates and availability of capital. The effects of Brexit could adversely affect our business, results of operations and financial condition.

**Material Changes in Results of Operations**

We have completed a number of transactions that impact the comparability of our results of operations, the most notable of which is the De Vijver Media Acquisition on June 3, 2019. For further information, see note 4 to our condensed consolidated financial statements.

In the following discussion, we quantify the estimated impact of acquisitions (the **Acquisition Impact**) on our operating results. The Acquisition Impact represents our estimate of the difference between the operating results of the periods under comparison that is attributable to an acquisition. In general, we base our estimate of the Acquisition Impact on an acquired entity’s operating results during the first three to twelve months following the acquisition date, as adjusted to remove integration costs and any other material unusual or nonoperational items, such that changes from those operating results in subsequent periods are considered to be organic changes. Accordingly, in the following discussion, (i) organic variances attributed to an acquired entity during the first 12 months following the acquisition date represent differences between the Acquisition Impact and the actual results and (ii) the calculation of our organic change percentages includes the organic activity of an acquired entity relative to the Acquisition Impact of such entity.

Changes in foreign currency exchange rates have a significant impact on our reported operating results as all of our operating segments have functional currencies other than the U.S. dollar. Our primary exposure to foreign exchange (**FX**) risk during the nine months ended September 30, 2020 was to the British pound sterling and euro as 52.3% and 33.4% of our reported revenue during the period was derived from subsidiaries whose functional currencies are the British pound sterling and euro, respectively. In addition, our reported operating results are impacted by changes in the exchange rates for certain other local currencies in Europe. The portions of the changes in the various components of our results of operations that are attributable to changes in FX are highlighted under *Discussion and Analysis of our Reportable Segments* and *Discussion and Analysis of our Consolidated Operating Results* below. For information regarding our foreign currency risks and the applicable foreign currency exchange rates in effect for the periods covered by this Quarterly Report, see Part I, Item 3. *Quantitative and Qualitative Disclosures about Market Risk — Foreign Currency Risk* below.

The amounts presented and discussed below represent 100% of each of our consolidated reportable segment’s results of operations. As we have the ability to control Telenet, we consolidate 100% of its revenue and expenses in our condensed consolidated statements of operations despite the fact that third parties own a significant interest. The noncontrolling owners’ interests in the operating results of Telenet and other less significant majority-owned subsidiaries are reflected in net earnings or loss attributable to noncontrolling interests in our condensed consolidated statements of operations.

**Discussion and Analysis of our Reportable Segments**

***General***

All of our reportable segments derive their revenue primarily from residential and B2B communications services, including broadband internet, video, fixed-line telephony and mobile services. For detailed information regarding the composition of our reportable segments and how we define and categorize our revenue components, see note 17 to our condensed consolidated financial statements. For more information regarding the results of operations of the VodafoneZiggo JV, refer to *Discussion and Analysis of our Consolidated Operating Results — Share of results of affiliates* below.

The tables presented below in this section provide the details of the revenue and Adjusted EBITDA of our consolidated reportable segments for the three and nine months ended September 30, 2020 and 2019. These tables present (i) the amounts reported for the current and comparative periods, (ii) the reported U.S. dollar change and percentage change from period to period and (iii) the organic U.S. dollar change and percentage change from period to period. For our organic comparisons, which exclude the impact of FX, we assume that exchange rates remained constant at the prior-year rate during all periods presented. We also provide a table showing the Adjusted EBITDA margins of our consolidated reportable segments for three and nine months ended September 30, 2020 and 2019 at the end of this section.

Consolidated Adjusted EBITDA (previously referred to as "Adjusted OIBDA") is a non-GAAP measure, which we believe is a meaningful measure because it represents a transparent view of our recurring operating performance that is unaffected by our capital structure and allows management to readily view operating trends from a consolidated view. Investors should view consolidated Adjusted EBITDA as a supplement to, and not a substitute for, GAAP measures of performance included in our condensed consolidated statements of operations. The following table provides a reconciliation of earnings (loss) from continuing operations to Adjusted EBITDA:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | in millions | | | |
| Earnings (loss) from continuing operations | $ (973.6) | $ 587.2 | $ (459.7) | $ (59.3) |
| Income tax benefit | (161.2) | (70.8) | (239.1) | (16.2) |
| Other income, net | (5.3) | (36.3) | (67.2) | (75.3) |
| Share of results of affiliates, net | 27.1 | 32.8 | 99.1 | 173.0 |
| Losses on debt extinguishment, net | 0.3 | 48.5 | 220.4 | 97.3 |
| Realized and unrealized losses (gains) due to changes in fair values of certain investments and debt, net | 21.5 | (56.4) | 399.0 | 90.5 |
| Foreign currency transaction losses (gains), net | 755.7 | (54.2) | 842.0 | (165.8) |
| Realized and unrealized losses (gains) on derivative instruments, net | 717.8 | (582.1) | (199.8) | (652.2) |
| Interest expense | 279.8 | 340.1 | 874.8 | 1,071.0 |
| Operating income | 662.1 | 208.8 | 1,469.5 | 463.0 |
| Impairment, restructuring and other operating items, net | (15.8) | 36.0 | 47.4 | 140.1 |
| Depreciation and amortization | 458.5 | 892.9 | 1,787.7 | 2,754.3 |
| Share-based compensation expense | 104.4 | 74.0 | 243.4 | 228.3 |
| Adjusted EBITDA | $ 1,209.2 | $ 1,211.7 | $ 3,548.0 | $ 3,585.7 |

***Revenue of our Consolidated Reportable Segments***

*General.* While not specifically discussed in the below explanations of the changes in the revenue of our consolidated reportable segments, we are experiencing competition in all of our markets. This competition has an adverse impact on our ability to increase or maintain our total number of customers and/or our ARPU.

Variances in the subscription revenue that we receive from our customers are a function of (i) changes in the number of our fixed-line customers 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 within a segment during the period.

*Revenue*

| | Three months ended September 30, | | Increase (decrease) | | Organic increase (decrease) | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | $ | % | $ | % |
| | in millions, except percentages | | | | | |
| U.K./Ireland | $ 1,669.5 | $ 1,579.9 | $ 89.6 | 5.7 | $ 11.6 | 0.7 |
| Belgium | 746.6 | 721.9 | 24.7 | 3.4 | (9.9) | (1.3) |
| Switzerland | 315.0 | 311.7 | 3.3 | 1.1 | (18.0) | (5.8) |
| Central and Eastern Europe | 124.2 | 117.2 | 7.0 | 6.0 | 3.8 | 3.2 |
| Central and Corporate (a) | 101.9 | 110.5 | (8.6) | (7.8) | (20.9) | (17.8) |
| Intersegment eliminations | (2.7) | (0.3) | (2.4) | N.M. | (2.4) | N.M. |
| Total | $ 2,954.5 | $ 2,840.9 | $ 113.6 | 4.0 | $ (35.8) | (1.3) |

| | Nine months ended September 30, | | Increase (decrease) | | Organic increase (decrease) | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | $ | % | $ | % |
| | in millions, except percentages | | | | | |
| U.K./Ireland | $ 4,821.9 | $ 4,885.2 | $ (63.3) | (1.3) | $ (57.5) | (1.2) |
| Belgium | 2,147.2 | 2,147.0 | 0.2 | — | (38.9) | (1.8) |
| Switzerland | 930.9 | 942.7 | (11.8) | (1.3) | (53.8) | (5.7) |
| Central and Eastern Europe | 359.5 | 355.4 | 4.1 | 1.2 | 12.9 | 3.6 |
| Central and Corporate (a) | 296.8 | 231.4 | 65.4 | 28.3 | (19.4) | (6.2) |
| Intersegment eliminations | (3.1) | (2.4) | (0.7) | N.M. | (0.7) | N.M. |
| Total | $ 8,553.2 | $ 8,559.3 | $ (6.1) | (0.1) | $ (157.4) | (1.8) |

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N.M. — Not Meaningful.

(a) Amounts primarily include revenue earned from transition and other services provided to the VodafoneZiggo JV and various third parties and the sale of customer premises equipment to the VodafoneZiggo JV. For additional information, see notes 4 and 5 to our condensed consolidated financial statements.

*U.K./Ireland.* The details of the changes in U.K./Ireland's revenue during the three and nine months ended September 30, 2020, as compared to the corresponding periods in 2019, are set forth below:

| | Three-month period | | | Nine-month period | | |
|---|---|---|---|---|---|---|
| | Subscription revenue | Non-subscription revenue | Total | Subscription revenue | Non-subscription revenue | Total |
| | | | in millions | | | |
| Increase (decrease) in residential cable subscription revenue due to change in: | | | | | | |
| Average number of customers | $ 3.2 | $ — | $ 3.2 | $ (3.7) | $ — | $ (3.7) |
| ARPU (a) | (10.4) | — | (10.4) | (19.4) | — | (19.4) |
| Increase in residential cable non-subscription revenue (b) | — | 4.7 | 4.7 | — | 1.0 | 1.0 |
| Total increase (decrease) in residential cable revenue | (7.2) | 4.7 | (2.5) | (23.1) | 1.0 | (22.1) |
| Increase (decrease) in residential mobile revenue (c) | (0.7) | 8.0 | 7.3 | 0.6 | (20.6) | (20.0) |
| Increase (decrease) in B2B revenue (d) | 3.2 | 9.1 | 12.3 | 9.2 | (10.0) | (0.8) |
| Decrease in other revenue (e) | — | (5.5) | (5.5) | — | (14.6) | (14.6) |
| Total organic increase (decrease) | (4.7) | 16.3 | 11.6 | (13.3) | (44.2) | (57.5) |
| Impact of FX | 60.7 | 17.3 | 78.0 | (5.3) | (0.5) | (5.8) |
| Total | $ 56.0 | $ 33.6 | $ 89.6 | $ (18.6) | $ (44.7) | $ (63.3) |

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(a) The decreases in cable subscription revenue related to changes in ARPU were adversely impacted by the COVID-19 pandemic, most notably with respect to video services, including, for the nine-month comparison, lower revenue of approximately $28 million associated with the loss of exclusive programming content, comprising (i) credits that were given to certain customers and (ii) the estimated impact of certain customers canceling their premium sports subscriptions.

(b) The increases in residential cable non-subscription revenue are primarily attributable to (i) lower revenue from late fees in the U.K., including, for the nine-month comparison, the impact of a temporary suspension of late payment charges related to the COVID-19 pandemic, (ii) increases in installation revenue, primarily in the U.K., and (iii) increases in early termination fees in the U.K.

(c) The changes in residential mobile non-subscription revenue are primarily attributable to the net effect of (i) an increase for the three-month comparison and a decrease for the nine-month comparison in revenue from mobile handset sales in the U.K. and (ii) lower interconnect and mobile roaming revenue driven by stay-at-home behaviors during the COVID-19 pandemic. The changes in revenue from mobile handset sales in the U.K. include (a) the positive impact of $20.3 million of revenue recognized in the third quarter of 2020 in connection with the completion of the VM Receivables Financing Sale and (b) for the nine-month comparison, the adverse impact of retail store closures during the COVID-19 pandemic. The decrease in residential mobile non-subscription revenue for the nine-month comparison also includes the unfavorable impact of $5.3 million of revenue recognized during the second quarter of 2019 in connection with the sale of rights to future commission payments on customer handset insurance arrangements in the U.K.

(d) The increases in B2B subscription revenue are primarily due to increases in the average number of SOHO customers in the U.K. The changes in B2B non-subscription revenue are primarily attributable to our operations in the U.K., including the net effect of (i) decreases in lower margin revenue related to business network services, (ii) increases in revenue associated with long-term leases of a portion of our network and (iii) lower installation revenue.

(e) The decreases in other revenue are attributable to lower broadcasting revenue in Ireland, largely due to the impact of the COVID-19 pandemic.

*Belgium.* The details of the increases in Belgium's revenue during the three and nine months ended September 30, 2020, as compared to the corresponding periods in 2019, are set forth below:

| | Three-month period | | | Nine-month period | | |
|---|---|---|---|---|---|---|
| | **Subscription revenue** | **Non-subscription revenue** | **Total** | **Subscription revenue** | **Non-subscription revenue** | **Total** |
| | | | in millions | | | |
| Increase (decrease) in residential cable subscription revenue due to change in: | | | | | | |
| Average number of customers | $ (9.3) | $ — | $ (9.3) | $ (29.9) | $ — | $ (29.9) |
| ARPU | 2.7 | — | 2.7 | 11.9 | — | 11.9 |
| Increase (decrease) in residential cable non-subscription revenue | — | 1.4 | 1.4 | — | (1.6) | (1.6) |
| Total increase (decrease) in residential cable revenue | (6.6) | 1.4 | (5.2) | (18.0) | (1.6) | (19.6) |
| Increase (decrease) in residential mobile revenue (a) | (0.3) | (4.1) | (4.4) | 3.8 | (26.5) | (22.7) |
| Increase (decrease) in B2B revenue (b) | 3.6 | 0.1 | 3.7 | 21.0 | (11.9) | 9.1 |
| Decrease in other revenue (c) | — | (4.0) | (4.0) | — | (5.7) | (5.7) |
| Total organic increase (decrease) | (3.3) | (6.6) | (9.9) | 6.8 | (45.7) | (38.9) |
| Impact of acquisitions | — | — | — | — | 42.6 | 42.6 |
| Impact of dispositions | (1.8) | (0.6) | (2.4) | (4.0) | (1.3) | (5.3) |
| Impact of FX | 26.9 | 10.1 | 37.0 | 0.7 | 1.1 | 1.8 |
| Total | $ 21.8 | $ 2.9 | $ 24.7 | $ 3.5 | $ (3.3) | $ 0.2 |

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(a) The decreases in residential mobile non-subscription revenue are primarily attributable to (i) lower interconnect and mobile roaming revenue, largely driven by stay-at-home behaviors during the COVID-19 pandemic, and (ii) for the nine-month comparison, a decrease in revenue from mobile handset sales, due in large part to the impact of retail store closures during the COVID-19 pandemic.

(b) The increases in B2B subscription revenue are primarily due to increases in the average number of SOHO customers. The decrease in B2B non-subscription revenue for the nine-month comparison is primarily attributable to lower interconnect revenue, due in part to stay-at-home behaviors during the COVID-19 pandemic.

(c) The decreases in other revenue are attributable to lower broadcasting revenue, due in part to the impact of the COVID-19 pandemic.

For information concerning certain regulatory developments that could have an adverse impact on our revenue in Belgium, see "*Belgium Regulatory Developments*" in note 16 to our condensed consolidated financial statements.

*Switzerland.* The details of the changes in Switzerland's revenue during the three and nine months ended September 30, 2020, as compared to the corresponding periods in 2019, are set forth below:

| | Three-month period | | | Nine-month period | | |
|---|---|---|---|---|---|---|
| | Subscription revenue | Non-subscription revenue | Total | Subscription revenue | Non-subscription revenue | Total |
| | in millions | | | | | |
| Decrease in residential cable subscription revenue due to change in: | | | | | | |
| Average number of customers | $ (15.4) | $ — | $ (15.4) | $ (46.7) | $ — | $ (46.7) |
| ARPU | (2.1) | — | (2.1) | (14.5) | — | (14.5) |
| Decrease in residential cable non-subscription revenue (a) | — | (3.9) | (3.9) | — | (5.7) | (5.7) |
| Total decrease in residential cable revenue | (17.5) | (3.9) | (21.4) | (61.2) | (5.7) | (66.9) |
| Increase in residential mobile revenue (b) | 4.5 | 0.7 | 5.2 | 12.1 | 2.8 | 14.9 |
| Decrease in B2B revenue | (0.2) | (1.6) | (1.8) | (0.8) | (1.0) | (1.8) |
| Total organic decrease | (13.2) | (4.8) | (18.0) | (49.9) | (3.9) | (53.8) |
| Impact of FX | 16.6 | 4.7 | 21.3 | 32.7 | 9.3 | 42.0 |
| Total | $ 3.4 | $ (0.1) | $ 3.3 | $ (17.2) | $ 5.4 | $ (11.8) |

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(a) The decreases in residential cable non-subscription are primarily attributable to (i) decreases in revenue associated with our Swiss sports channels and (ii) lower revenue from late fees.

(b) The increases in residential mobile subscription revenue are primarily due to increases in the average number of mobile subscribers.

*Central and Eastern Europe.* The details of the increases in Central and Eastern Europe's revenue during the three and nine months ended September 30, 2020, as compared to the corresponding periods in 2019, are set forth below:

| | Three-month period | | | Nine-month period | | |
|---|---|---|---|---|---|---|
| | Subscription revenue | Non-subscription revenue | Total | Subscription revenue | Non-subscription revenue | Total |
| | in millions | | | | | |
| Increase in residential cable subscription revenue due to change in: | | | | | | |
| Average number of customers | $ 1.4 | $ — | $ 1.4 | $ 4.3 | $ — | $ 4.3 |
| ARPU | 1.2 | — | 1.2 | 3.9 | — | 3.9 |
| Decrease in residential cable non-subscription revenue | — | (0.1) | (0.1) | — | (0.3) | (0.3) |
| Total increase (decrease) in residential cable revenue | 2.6 | (0.1) | 2.5 | 8.2 | (0.3) | 7.9 |
| Increase in residential mobile revenue | 0.4 | 0.3 | 0.7 | 1.1 | 0.7 | 1.8 |
| Increase (decrease) in B2B revenue | 1.2 | (0.4) | 0.8 | 2.1 | 0.2 | 2.3 |
| Increase (decrease) in other revenue | — | (0.2) | (0.2) | — | 0.9 | 0.9 |
| Total organic increase (decrease) | 4.2 | (0.4) | 3.8 | 11.4 | 1.5 | 12.9 |
| Impact of FX | 3.2 | — | 3.2 | (8.5) | (0.3) | (8.8) |
| Total | $ 7.4 | $ (0.4) | $ 7.0 | $ 2.9 | $ 1.2 | $ 4.1 |

***Programming and Other Direct Costs of Services, Other Operating Expenses and SG&A Expenses of our Consolidated Reportable Segments***

For information regarding the changes in our (i) programming and other direct costs of services, (ii) other operating expenses and (iii) SG&A expenses, see *Discussion and Analysis of our Consolidated Operating Results* below.

***Adjusted EBITDA of our Consolidated Reportable Segments***

Adjusted EBITDA is the primary measure used by our chief operating decision maker to evaluate segment operating performance. As presented below, consolidated Adjusted EBITDA is a non-GAAP measure, which investors should view as a supplement to, and not a substitute for, GAAP measures of performance included in our condensed consolidated statements of operations. The following tables set forth the Adjusted EBITDA of our consolidated reportable segments:

| | Three months ended September 30, | | Increase (decrease) | | Organic increase (decrease) | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 (a) | $ | % | $ | % |
| | in millions, except percentages | | | | | |
| U.K./Ireland | $ 665.0 | $ 657.8 | $ 7.2 | 1.1 | $ (23.7) | (3.4) |
| Belgium | 367.4 | 358.6 | 8.8 | 2.5 | (8.0) | (2.2) |
| Switzerland | 154.4 | 160.2 | (5.8) | (3.6) | (16.1) | (9.9) |
| Central and Eastern Europe | 54.0 | 54.6 | (0.6) | (1.1) | (2.1) | (4.0) |
| Central and Corporate | (31.6) | (19.2) | (12.4) | (64.6) | (16.2) | (115.7) |
| Intersegment eliminations (b) | — | (0.3) | 0.3 | N.M. | 0.3 | N.M. |
| Total | $ 1,209.2 | $ 1,211.7 | $ (2.5) | (0.2) | $ (65.8) | (5.4) |

| | Nine months ended September 30, | | Increase (decrease) | | Organic increase (decrease) | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 (a) | $ | % | $ | % |
| | in millions, except percentages | | | | | |
| U.K./Ireland | $ 1,975.3 | $ 2,037.5 | $ (62.2) | (3.1) | $ (58.8) | (2.8) |
| Belgium | 1,053.1 | 1,047.0 | 6.1 | 0.6 | 16.2 | 1.6 |
| Switzerland | 439.4 | 476.3 | (36.9) | (7.7) | (56.9) | (11.9) |
| Central and Eastern Europe | 161.0 | 162.4 | (1.4) | (0.9) | 2.5 | 1.6 |
| Central and Corporate | (80.8) | (138.6) | 57.8 | 41.7 | (22.2) | (38.5) |
| Intersegment eliminations (b) | — | 1.1 | (1.1) | N.M. | (1.1) | N.M. |
| Total | $ 3,548.0 | $ 3,585.7 | $ (37.7) | (1.1) | $ (120.3) | (3.3) |

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(a) Amounts have been revised to reflect the retrospective impact of the Centrally-held Cost Allocation, as further described in note 17 to our condensed consolidated financial statements.

(b) Amounts for the 2019 periods are related to transactions between our continuing and discontinued operations prior to the disposal dates of such discontinued operations.

N.M. — Not Meaningful.

### *Adjusted EBITDA Margin*

The following table sets forth the Adjusted EBITDA margins (Adjusted EBITDA divided by revenue) of each of our consolidated reportable segments:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 (a) | 2020 | 2019 (a) |
| U.K./Ireland | 39.8% | 41.6% | 41.0% | 41.7% |
| Belgium | 49.2% | 49.7% | 49.0% | 48.8% |
| Switzerland | 49.0% | 51.4% | 47.2% | 50.5% |
| Central and Eastern Europe | 43.5% | 46.6% | 44.8% | 45.7% |

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(a) Amounts have been revised to reflect the retrospective impact of the Centrally-held Cost Allocation, as further described in note 17 to our condensed consolidated financial statements.

In addition to organic changes in the revenue, operating and SG&A expenses of our consolidated reportable segments, the Adjusted EBITDA margins presented above include the impact of acquisitions. For discussion of the factors contributing to the changes in the Adjusted EBITDA margins of our consolidated reportable segments, see the analysis of our revenue included in *Discussion and Analysis of our Reportable Segments* above and the analysis of our expenses included in *Discussion and Analysis of our Consolidated Operating Results* below.

## Discussion and Analysis of our Consolidated Operating Results

*Revenue*

Our revenue by major category is set forth below:

| | Three months ended September 30, | | Increase (decrease) | | Organic increase (decrease) | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | $ | % | $ | % |
| | in millions, except percentages | | | | | |
| Residential revenue: | | | | | | |
| Residential cable revenue (a): | | | | | | |
| Subscription revenue (b): | | | | | | |
| Broadband internet | $ 822.8 | $ 776.6 | $ 46.2 | 5.9 | $ 6.6 | 0.9 |
| Video | 680.8 | 660.5 | 20.3 | 3.1 | (11.2) | (1.7) |
| Fixed-line telephony | 332.4 | 341.1 | (8.7) | (2.6) | (24.1) | (7.1) |
| Total subscription revenue | 1,836.0 | 1,778.2 | 57.8 | 3.3 | (28.7) | (1.6) |
| Non-subscription revenue | 48.6 | 43.6 | 5.0 | 11.5 | 2.1 | 4.8 |
| Total residential cable revenue | 1,884.6 | 1,821.8 | 62.8 | 3.4 | (26.6) | (1.5) |
| Residential mobile revenue (c): | | | | | | |
| Subscription revenue (b) | 251.1 | 235.0 | 16.1 | 6.9 | 3.9 | 1.7 |
| Non-subscription revenue | 179.6 | 166.0 | 13.6 | 8.2 | 4.7 | 2.8 |
| Total residential mobile revenue | 430.7 | 401.0 | 29.7 | 7.4 | 8.6 | 2.1 |
| Total residential revenue | 2,315.3 | 2,222.8 | 92.5 | 4.2 | (18.0) | (0.8) |
| B2B revenue (d): | | | | | | |
| Subscription revenue | 134.5 | 119.8 | 14.7 | 12.3 | 7.8 | 6.5 |
| Non-subscription revenue | 367.4 | 343.5 | 23.9 | 7.0 | 5.5 | 1.6 |
| Total B2B revenue | 501.9 | 463.3 | 38.6 | 8.3 | 13.3 | 2.9 |
| Other revenue (e) | 137.3 | 154.8 | (17.5) | (11.3) | (31.1) | (19.2) |
| Total | $ 2,954.5 | $ 2,840.9 | $ 113.6 | 4.0 | $ (35.8) | (1.3) |

| | Nine months ended September 30, | | Increase (decrease) | | Organic increase (decrease) | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | $ | % | $ | % |
| | | | in millions, except percentages | | | |
| Residential revenue: | | | | | | |
| Residential cable revenue (a): | | | | | | |
| Subscription revenue (b): | | | | | | |
| Broadband internet | $ 2,400.6 | $ 2,378.9 | $ 21.7 | 0.9 | $ 15.2 | 0.6 |
| Video | 1,997.5 | 2,029.2 | (31.7) | (1.6) | (37.4) | (1.8) |
| Fixed-line telephony | 998.9 | 1,070.3 | (71.4) | (6.7) | (71.9) | (6.7) |
| Total subscription revenue | 5,397.0 | 5,478.4 | (81.4) | (1.5) | (94.1) | (1.7) |
| Non-subscription revenue | 137.2 | 142.1 | (4.9) | (3.4) | (6.6) | (4.7) |
| Total residential cable revenue | 5,534.2 | 5,620.5 | (86.3) | (1.5) | (100.7) | (1.8) |
| Residential mobile revenue (c): | | | | | | |
| Subscription revenue (b) | 714.3 | 694.4 | 19.9 | 2.9 | 17.6 | 2.5 |
| Non-subscription revenue | 454.6 | 496.0 | (41.4) | (8.3) | (43.5) | (8.8) |
| Total residential mobile revenue | 1,168.9 | 1,190.4 | (21.5) | (1.8) | (25.9) | (2.2) |
| Total residential revenue | 6,703.1 | 6,810.9 | (107.8) | (1.6) | (126.6) | (1.9) |
| B2B revenue (d): | | | | | | |
| Subscription revenue | 382.5 | 350.4 | 32.1 | 9.2 | 31.5 | 9.0 |
| Non-subscription revenue | 1,055.1 | 1,072.7 | (17.6) | (1.6) | (22.3) | (2.1) |
| Total B2B revenue | 1,437.6 | 1,423.1 | 14.5 | 1.0 | 9.2 | 0.6 |
| Other revenue (e) | 412.5 | 325.3 | 87.2 | 26.8 | (40.0) | (8.8) |
| Total | $ 8,553.2 | $ 8,559.3 | $ (6.1) | (0.1) | $ (157.4) | (1.8) |

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(a) Residential cable subscription revenue includes amounts received from subscribers for ongoing services and the recognition of deferred installation revenue over the associated contract period. Residential cable non-subscription revenue includes, among other items, channel carriage fees, late fees and revenue from the sale of equipment.

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

(c) Residential mobile subscription revenue includes amounts received from subscribers for ongoing services. Residential mobile non-subscription revenue includes, among other items, interconnect revenue and revenue from sales of mobile handsets and other devices. Residential mobile interconnect revenue was $58.4 million and $61.7 million during the three months ended September 30, 2020 and 2019, respectively, and $166.9 million and $187.1 million during the nine months ended September 30, 2020 and 2019, respectively.

(d) B2B subscription revenue represents revenue from SOHO subscribers. SOHO subscribers pay a premium price to receive expanded service levels along with broadband internet, video fixed-line telephony or mobile services that are the same or similar to the mass marketed products offered to our residential subscribers. A portion of the increase in our B2B subscription revenue is attributable to the conversion of certain residential subscribers to SOHO subscribers. B2B non-subscription revenue includes (i) revenue from business broadband internet, video, fixed-line telephony, mobile and data services offered to medium to large enterprises and, on a wholesale basis, to other operators and (ii) revenue from long-term leases of portions of our network.

(e) Other revenue includes, among other items, (i) revenue earned from transitional and other services provided to various third parties, (ii) revenue earned from the JV Services and the sale of customer premises equipment to the VodafoneZiggo JV and (iii) broadcasting revenue in Belgium and Ireland.

*Total revenue.* Our consolidated revenue increased (decreased) $113.6 million or 4.0% and ($6.1 million) or (0.1%) during the three and nine months ended September 30, 2020, respectively, as compared to the corresponding periods in 2019. These changes include (i) for the nine-month comparison, an increase of $42.6 million attributable to the impact of the De Vijver Media Acquisition, and (ii) decreases of $2.4 million and $5.3 million, respectively, attributable to the impact of a disposition. On an organic basis, our consolidated revenue decreased $35.8 million or 1.3% and $157.4 million or 1.8%, respectively.

*Residential revenue.* The details of the changes in our consolidated residential revenue for the three and nine months ended September 30, 2020, as compared to the corresponding periods in 2019, are as follows:

| | Three-month period | Nine-month period |
|---|---|---|
| | in millions | |
| Decrease in residential cable subscription revenue due to change in: | | |
| Average number of customers | $ (14.4) | $ (59.0) |
| ARPU | (14.3) | (35.1) |
| Increase (decrease) in residential cable non-subscription revenue | 2.1 | (6.6) |
| Total decrease in residential cable revenue | (26.6) | (100.7) |
| Increase in residential mobile subscription revenue | 3.9 | 17.6 |
| Increase (decrease) in residential mobile non-subscription revenue | 4.7 | (43.5) |
| Total organic decrease in residential revenue | (18.0) | (126.6) |
| Impact of acquisitions and dispositions | (1.9) | (4.9) |
| Impact of FX | 112.4 | 23.7 |
| Total increase (decrease) in residential revenue | $ 92.5 | $ (107.8) |

On an organic basis, our consolidated residential cable subscription revenue decreased $28.7 million or 1.6% and $94.1 million or 1.7% during the three and nine months ended September 30, 2020, respectively, as compared to the corresponding periods in 2019. These decreases are primarily attributable to decreases in Switzerland and U.K./Ireland.

On an organic basis, our consolidated residential cable non-subscription revenue increased (decreased) $2.1 million or 4.8% and ($6.6 million) or (4.7%) during the three and nine months ended September 30, 2020, respectively, as compared to the corresponding periods in 2019. These changes are primarily due to the net effect of (i) decreases in Switzerland, (ii) increases in U.K./Ireland and (iii) changes in Belgium.

On an organic basis, our consolidated residential mobile subscription revenue increased $3.9 million or 1.7% and $17.6 million or 2.5% during the three and nine months ended September 30, 2020, respectively, as compared to the corresponding periods in 2019. These increases are primarily attributable to increases in Switzerland and, for the nine-month comparison, Belgium.

On an organic basis, our consolidated residential mobile non-subscription revenue increased (decreased) $4.7 million or 2.8% and ($43.5 million) or (8.8%) during the three and nine months ended September 30, 2020, respectively, as compared to the corresponding periods in 2019. These changes are primarily due to the net effect of (i) decreases in Belgium and (ii) changes in U.K./Ireland.

*B2B revenue.* On an organic basis, our consolidated B2B subscription revenue increased $7.8 million or 6.5% and $31.5 million or 9.0% during the three and nine months ended September 30, 2020, respectively, as compared to the corresponding periods in 2019. These increases are primarily attributable to increases in Belgium and U.K./Ireland.

On an organic basis, our consolidated B2B non-subscription revenue increased (decreased) $5.5 million or 1.6% and ($22.3 million) or (2.1%) during the three and nine months ended September 30, 2020, respectively, as compared to the corresponding periods in 2019. These changes are primarily due to the net effect of (i) decreases in Belgium and (ii) changes in U.K./Ireland.

*Other revenue.* On an organic basis, our consolidated other revenue decreased $31.1 million or 19.2% and $40.0 million or 8.8% during the three and nine months ended September 30, 2020, respectively, as compared to the corresponding periods in 2019. These decreases are primarily attributable to (i) decreases in revenue earned from sales of customer premises equipment to the VodafoneZiggo JV and (ii) lower broadcasting revenue in Ireland and Belgium.

For additional information concerning the changes in our residential, B2B and other revenue, see *Discussion and Analysis of our Reportable Segments* above.

*Programming and other direct costs of services*

Programming and other direct costs of services include programming and copyright costs, interconnect and access costs, costs of mobile handsets and other devices and other direct costs related to our operations. Programming and copyright costs represent a significant portion of our operating costs and are subject to rise in future periods due to various factors, including (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.

| | Three months ended September 30, | | Increase (decrease) | | Organic increase (decrease) | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | $ | % | $ | % |
| | in millions, except percentages | | | | | |
| U.K./Ireland | $ 512.3 | $ 500.6 | $ 11.7 | 2.3 | $ (12.2) | (2.4) |
| Belgium | 167.2 | 167.1 | 0.1 | 0.1 | (7.9) | (4.7) |
| Switzerland | 63.9 | 61.5 | 2.4 | 3.9 | (1.9) | (3.1) |
| Central and Eastern Europe | 31.5 | 27.0 | 4.5 | 16.7 | 3.9 | 14.4 |
| Central and Corporate | 46.0 | 45.5 | 0.5 | 1.1 | (6.3) | (12.6) |
| Intersegment eliminations | (0.6) | 0.1 | (0.7) | N.M. | (0.7) | N.M. |
| Total | $ 820.3 | $ 801.8 | $ 18.5 | 2.3 | $ (25.1) | (3.1) |

| | Nine months ended September 30, | | Increase (decrease) | | Organic increase (decrease) | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | $ | % | $ | % |
| | in millions, except percentages | | | | | |
| U.K./Ireland | $ 1,485.5 | $ 1,525.0 | $ (39.5) | (2.6) | $ (38.2) | (2.5) |
| Belgium | 498.5 | 500.5 | (2.0) | (0.4) | (34.4) | (6.5) |
| Switzerland | 204.8 | 189.6 | 15.2 | 8.0 | 6.2 | 3.3 |
| Central and Eastern Europe | 91.7 | 87.2 | 4.5 | 5.2 | 7.1 | 8.1 |
| Central and Corporate | 111.6 | 86.7 | 24.9 | 28.7 | 17.5 | 18.8 |
| Intersegment eliminations | (1.7) | (0.5) | (1.2) | N.M. | (1.2) | N.M. |
| Total | $ 2,390.4 | $ 2,388.5 | $ 1.9 | 0.1 | $ (43.0) | (1.8) |

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N.M. — Not Meaningful.

Our programming and other direct costs of services increased $18.5 million or 2.3% and $1.9 million or 0.1% during the three and nine months ended September 30, 2020, respectively, as compared to the corresponding periods in 2019. The increase for the nine-month period includes an increase of $33.1 million, respectively, attributable to the impact of the De Vijver Media Acquisition. On an organic basis, our programming and other direct costs of services decreased $25.1 million or 3.1% and $43.0 million or 1.8%, respectively. These decreases include the following factors:

- Decreases in programming and copyright costs of $15.0 million or 3.8% and $42.1 million or 3.4%, respectively, primarily due to decreases in U.K./Ireland and Switzerland attributable to certain premium and/or basic content. The decreases in U.K./Ireland are due to credits or rebates aggregating $17.2 million and $46.1 million, respectively, received in connection with the loss of exclusive programming content due to the COVID-19 pandemic, which generally offset the adverse revenue impacts in U.K./Ireland resulting from the COVID-19 pandemic;

- Decreases in mobile handset and other device costs of $8.1 million or 8.9% and $20.9 million or 8.0%, respectively, primarily due to the net effect of (i) lower sales volumes in U.K./Ireland, largely due to temporary retail store closures as a result of the COVID-19 pandemic, and (ii) a higher average cost per handset sold in U.K./Ireland;

- The impact of the classification of costs associated with the delivery of certain transitional services provided by Central and Corporate to various third parties in connection with our recent dispositions. Beginning on the effective dates of the underlying agreements, these costs became direct costs of services, which resulted in direct cost increases of $8.9 million and $19.9 million, respectively, that were fully offset by corresponding decreases, primarily in various other operating expenses within Central and Corporate; and

- Decreases in interconnect and access costs of $5.1 million or 2.4% and $4.5 million or 0.7%, respectively, primarily due to the net effect of (i) higher MVNO costs in Switzerland and U.K./Ireland and (ii) lower interconnect and mobile roaming costs. The lower interconnect and mobile roaming costs are primarily attributable to the net effect of (a) decreases in Belgium and (b) for the nine-month comparison, an increase in U.K./Ireland. Across all of our markets, interconnect and mobile roaming costs have been impacted by changes in mobile usage associated with factors such as lower travel and the use of WiFi alternatives during stay-at-home mandates or recommendations as a result of the COVID-19 pandemic.

*Other operating expenses*

Other operating expenses include network operations, customer operations, customer care, share-based compensation and other costs related to our operations. We do not include share-based compensation in the following discussion and analysis of the other operating expenses of our consolidated reportable segments as share-based compensation expense is not included in the performance measures of our consolidated reportable segments. Share-based compensation expense is separately discussed further below.

| | **Three months ended September 30,** | | **Increase (decrease)** | | **Organic increase (decrease)** | |
|---|---|---|---|---|---|---|
| | **2020** | **2019** | **$** | **%** | **$** | **%** |
| | | | **in millions, except percentages** | | | |
| U.K./Ireland | $ 276.7 | $ 220.0 | $ 56.7 | 25.8 | $ 43.7 | 19.9 |
| Belgium | 115.0 | 95.8 | 19.2 | 20.0 | 14.1 | 14.8 |
| Switzerland | 45.7 | 43.0 | 2.7 | 6.3 | (0.6) | (1.4) |
| Central and Eastern Europe | 18.1 | 17.5 | 0.6 | 3.4 | (0.4) | (2.3) |
| Central and Corporate | 15.0 | 21.9 | (6.9) | (31.5) | (6.1) | (31.6) |
| Intersegment eliminations | (1.3) | 0.4 | (1.7) | N.M. | (1.7) | N.M. |
| Total other operating expenses excluding share-based compensation expense | 469.2 | 398.6 | 70.6 | 17.7 | $ 49.0 | 11.9 |
| Share-based compensation expense | 2.5 | 1.1 | 1.4 | N.M. | | |
| Total | $ 471.7 | $ 399.7 | $ 72.0 | 18.0 | | |

| | Nine months ended September 30, | | Increase (decrease) | | Organic increase (decrease) | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | $ | % | $ | % |
| | in millions, except percentages | | | | | |
| U.K./Ireland | $ 746.4 | $ 682.5 | $ 63.9 | 9.4 | $ 64.4 | 9.4 |
| Belgium | 303.1 | 294.6 | 8.5 | 2.9 | 4.8 | 1.6 |
| Switzerland | 137.6 | 135.1 | 2.5 | 1.9 | (3.7) | (2.7) |
| Central and Eastern Europe | 50.2 | 51.8 | (1.6) | (3.1) | (0.8) | (1.5) |
| Central and Corporate | 50.0 | 77.2 | (27.2) | (35.2) | (24.6) | (33.4) |
| Intersegment eliminations | 0.8 | (7.3) | 8.1 | N.M. | 8.1 | N.M. |
| Total other operating expenses excluding share-based compensation expense | 1,288.1 | 1,233.9 | 54.2 | 4.4 | $ 48.2 | 3.9 |
| Share-based compensation expense | 4.8 | 3.0 | 1.8 | 60.0 | | |
| Total | $ 1,292.9 | $ 1,236.9 | $ 56.0 | 4.5 | | |

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N.M. — Not Meaningful.

Our other operating expenses (exclusive of share-based compensation expense) increased $70.6 million or 17.7% and $54.2 million or 4.4% during the three and nine months ended September 30, 2020, respectively, as compared to the corresponding periods in 2019. The increase for the nine-month period includes an increase of $4.2 million attributable to the impact of the De Vijver Media Acquisition. On an organic basis, our other operating expenses increased $49.0 million or 11.9% and $48.2 million or 3.9%, respectively. These increases include the following factors:

- Increases in other operating expenses due to $19.5 million recognized during the third quarter of 2020 in U.K./Ireland associated with the completion of the VM Receivables Financing Sale, representing the difference between the carrying amount of the associated receivables and the amount received pursuant to the sale;

- Decreases in customer service costs of $5.8 million or 8.9% and $19.3 million or 10.1%, respectively, primarily due to lower call center costs in U.K./Ireland. The lower call center costs in U.K./Ireland include the impact of lockdowns during the second and, to a lesser extent, third quarter of 2020 associated with the COVID-19 pandemic, which prevented certain outsourced contract services from being performed;

- The aforementioned impact of the classification of costs associated with the delivery of certain transitional services provided by Central and Corporate to various third parties in connection with our recent dispositions. Beginning on the effective dates of the underlying agreements, these costs became direct costs of services, which resulted in decreases in various other operating expenses of $8.6 million and $19.3 million, respectively, within Central and Corporate;

- Increases in personnel costs of $11.9 million or 10.5% and $16.9 million or 4.6%, respectively, primarily due to the net effect of (i) higher staffing levels in U.K./Ireland and Belgium that were only partially offset by decreases in Central and Corporate and Switzerland, and (ii) decreases in temporary personnel costs, primarily in U.K./Ireland;

- Increases in network infrastructure charges in U.K./Ireland of $2.2 million and $16.6 million, respectively, following an increase in the rateable value of certain of Virgin Media's assets. For additional information, see "*Other Regulatory Issues*" in note 16 to our condensed consolidated financial statements;

- Higher costs in U.K./Ireland associated with a $15.9 million charge recorded during the third quarter of 2020 in connection with the reassessment of certain items related to prior years; and

- Increases in core network and information technology-related costs of $3.6 million or 5.5% and $8.2 million or 4.0%, respectively, primarily due to the net effect of (i) higher information technology-related expenses, primarily due to increases in Central and Corporate that were only partially offset by decreases in Switzerland, (ii) lower network maintenance costs, primarily due to decreases in Central and Corporate that were only partially offset by increases in Switzerland, and (iii) for the nine-month comparison, an increase in leased bandwidth and outsourced data center costs in Central and Corporate.

*SG&A expenses*

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 of our consolidated reportable segments as share-based compensation expense is not included in the performance measures of our consolidated reportable segments. Share-based compensation expense is separately discussed further below.

| | Three months ended September 30, | | Increase (decrease) | | Organic increase (decrease) | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | $ | % | $ | % |
| | in millions, except percentages | | | | | |
| U.K./Ireland | $ 215.5 | $ 201.5 | $ 14.0 | 6.9 | $ 3.8 | 1.9 |
| Belgium | 97.0 | 100.4 | (3.4) | (3.4) | (8.1) | (8.1) |
| Switzerland | 51.0 | 47.0 | 4.0 | 8.5 | 0.6 | 1.3 |
| Central and Eastern Europe | 20.6 | 18.1 | 2.5 | 13.8 | 2.4 | 13.3 |
| Central and Corporate | 72.5 | 62.3 | 10.2 | 16.4 | 7.7 | 12.4 |
| Intersegment eliminations | (0.8) | (0.5) | (0.3) | N.M. | (0.3) | N.M. |
| Total SG&A expenses excluding share-based compensation expense | 455.8 | 428.8 | 27.0 | 6.3 | $ 6.1 | 1.4 |
| Share-based compensation expense | 101.9 | 72.9 | 29.0 | 39.8 | | |
| Total | $ 557.7 | $ 501.7 | $ 56.0 | 11.2 | | |

| | Nine months ended September 30, | | Increase (decrease) | | Organic increase (decrease) | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | $ | % | $ | % |
| | in millions, except percentages | | | | | |
| U.K./Ireland | $ 614.7 | $ 640.2 | $ (25.5) | (4.0) | $ (24.9) | (3.9) |
| Belgium | 292.5 | 304.9 | (12.4) | (4.1) | (25.5) | (8.0) |
| Switzerland | 149.1 | 141.7 | 7.4 | 5.2 | 0.6 | 0.4 |
| Central and Eastern Europe | 56.6 | 54.0 | 2.6 | 4.8 | 4.1 | 7.6 |
| Central and Corporate | 216.0 | 206.1 | 9.9 | 4.8 | 9.9 | 4.8 |
| Intersegment eliminations | (2.2) | 4.3 | (6.5) | N.M. | (6.5) | N.M. |
| Total SG&A expenses excluding share-based compensation expense | 1,326.7 | 1,351.2 | (24.5) | (1.8) | $ (42.3) | (3.1) |
| Share-based compensation expense | 238.6 | 225.3 | 13.3 | 5.9 | | |
| Total | $ 1,565.3 | $ 1,576.5 | $ (11.2) | (0.7) | | |

N.M. — Not Meaningful.

*Supplemental SG&A expense information*

| | Three months ended September 30, | | Increase | | Organic increase | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | $ | % | $ | % |
| | | | in millions, except percentages | | | |
| General and administrative (a) | $ 347.2 | $ 329.6 | $ 17.6 | 5.3 | $ 1.5 | 0.5 |
| External sales and marketing | 108.6 | 99.2 | 9.4 | 9.5 | 4.6 | 4.6 |
| Total | $ 455.8 | $ 428.8 | $ 27.0 | 6.3 | $ 6.1 | 1.4 |

| | Nine months ended September 30, | | Decrease | | Organic decrease | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | $ | % | $ | % |
| | | | in millions, except percentages | | | |
| General and administrative (a) | $ 1,038.5 | $ 1,046.2 | $ (7.7) | (0.7) | $ (19.6) | (1.9) |
| External sales and marketing | 288.2 | 305.0 | (16.8) | (5.5) | (22.7) | (7.3) |
| Total | $ 1,326.7 | $ 1,351.2 | $ (24.5) | (1.8) | $ (42.3) | (3.1) |

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(a) General and administrative expenses include all personnel-related costs within our SG&A expenses, including personnel-related costs associated with our sales and marketing function.

Our SG&A expenses (exclusive of share-based compensation expense) increased (decreased) $27.0 million or 6.3% and ($24.5 million) or (1.8%) during the three and nine months ended September 30, 2020, respectively, as compared to the corresponding periods in 2019. The decrease for the nine-month period includes an increase of $13.8 million attributable to the impact of the De Vijver Media Acquisition. On an organic basis, our SG&A expenses increased (decreased) $6.1 million or 1.4% and ($42.3 million) or (3.1%), respectively. These changes include the following factors:

- An increase (decrease) in external sales and marketing costs of $4.6 million or 4.6% and ($22.7 million) or (7.3%), respectively, primarily due to the net effect of changes associated with advertising campaigns, as advertising costs were (i) higher for the three-month comparison, primarily in Belgium and U.K./Ireland, and (ii) lower for the nine-month comparison, primarily in U.K./Ireland, Belgium and Switzerland;

- Decreases in customer service costs of $3.4 million or 32.4% and $7.9 million or 27.4%, respectively, primarily due to lower call center costs in Belgium and U.K./Ireland;

- Increases in personnel costs of $11.0 million or 6.0% and $4.9 million or 0.8%, respectively, primarily due to the net effect of (i) lower staffing levels, primarily in U.K./Ireland and Belgium, (ii) higher average costs per employee, primarily due to increases in U.K./Ireland and, for the nine-month comparison, Belgium, that were only partially offset by decreases in Central and Corporate and, for the three-month comparison, Belgium, (iii) higher incentive compensation costs, primarily in Central and Corporate and U.K./Ireland, and (iv) decreases in temporary personnel costs, primarily due to decreases in U.K./Ireland that were only partially offset by increases in Belgium. The higher average cost per employee for the nine-month comparison includes the impact of (a) lower severance costs in U.K./Ireland of $6.3 million associated with revisions to our operating model and decreases in senior management personnel during the second quarter of 2019 and (b) decreases in Central and Corporate related to a $5.0 million cash bonus associated with the renewal of an existing executive employment contract on similar terms paid in the second quarter of 2019; and

- Decreases in business service costs of $3.6 million or 7.7% and $2.3 million or 1.7%, respectively, primarily due to the net effect of (i) higher consulting costs, primarily due to increases in Central and Corporate and U.K./Ireland that were only partially offset by decreases in Belgium, (ii) decreases in travel and entertainment expenses and (iii) decreases in vehicle expenses, primarily in U.K./Ireland and Belgium.

*Share-based compensation expense*

Our share-based compensation expense primarily relates to the share-based incentive awards issued by Liberty Global to its employees and employees of its subsidiaries. A summary of our aggregate share-based compensation expense is set forth below:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | in millions | | | |
| Liberty Global: | | | | |
| Performance-based incentive awards (a) | $ 57.0 | $ 28.9 | $ 106.3 | $ 96.8 |
| Non-performance based incentive awards (b) | 27.8 | 31.6 | 93.9 | 82.6 |
| Other (c) | 6.9 | 8.0 | 19.1 | 30.5 |
| Total Liberty Global | 91.7 | 68.5 | 219.3 | 209.9 |
| Other | 12.7 | 5.5 | 24.1 | 18.4 |
| Total | $ 104.4 | $ 74.0 | $ 243.4 | $ 228.3 |
| Included in: | | | | |
| Other operating expense | $ 2.5 | $ 1.1 | $ 4.8 | $ 3.0 |
| SG&A expense | 101.9 | 72.9 | 238.6 | 225.3 |
| Total | $ 104.4 | $ 74.0 | $ 243.4 | $ 228.3 |

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(a) Includes share-based compensation expense related to (i) PSUs, (ii) the 2019 Challenge Performance Awards, which were granted in March 2019 and included PSARs and PSUs, and (iii) the performance-based portion of the 2019 CEO Performance Award, which was granted in May 2019.

(b) In 2019, we changed our policy to provide that all new equity grants would have ten-year contractual terms in order to more closely align with common market practice. In April 2020, the compensation committee of our board of directors approved the extension of the expiration dates of outstanding SARs and director options granted in 2013 from a seven-year term to a ten-year term in order to align with this new policy. Accordingly, the Black-Scholes fair values of the outstanding awards increased, resulting in the recognition of an aggregate incremental share-based compensation expense of $18.9 million during the second quarter of 2020. The 2019 amounts include share-based compensation expense related to the RSAs issued under the 2019 CEO Performance Award.

(c) Represents annual incentive compensation and defined contribution plan liabilities that have been or are expected to be settled with Liberty Global ordinary shares. In the case of the annual incentive compensation, shares have been or will be issued to senior management and key employees pursuant to a shareholding incentive program. The shareholding incentive program allows these employees to elect to receive up to 100% of their annual incentive compensation in ordinary shares of Liberty Global in lieu of cash.

For additional information regarding our share-based compensation expense, see note 13 to our condensed consolidated financial statements.

*Depreciation and amortization expense*

Our depreciation and amortization expense was $458.5 million and $1,787.7 million for the three and nine months ended September 30, 2020, respectively, and $892.9 million and $2,754.3 million for the three and nine months ended September 30, 2019, respectively. Excluding the effects of FX, depreciation and amortization expense decreased $457.2 million or 51.2% and $974.5 million or 35.4% during the three and nine months ended September 30, 2020, respectively, as compared to the corresponding periods in 2019. These decreases are primarily due to the net effect of (i) decreases in U.K./Ireland of $400.0 million and $654.1 million, respectively, as a result of the held-for-sale presentation of the U.K. JV Entities effective May 7, 2020, (ii) decreases associated with certain assets becoming fully depreciated, primarily in U.K./Ireland, Central and Corporate, Belgium and Switzerland, (iii) 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 (iv) decreases due to assets becoming fully amortized, primarily in U.K./Ireland. For information regarding the held-for-sale presentation of the U.K. JV Entities, see note 4 to our condensed consolidated financial statements.

*Impairment, restructuring and other operating items, net*

We recognized impairment, restructuring and other operating items, net, of ($15.8 million) and $47.4 million during the three and nine months ended September 30, 2020, respectively, and $36.0 million and $140.1 million during the three and nine months ended September 30, 2019, respectively.

The amounts for the 2020 periods include (i) a $43.8 million gain in Belgium during the third quarter of 2020 associated with the disposal of certain content assets and liabilities, (ii) restructuring charges of $5.2 million and $41.8 million, respectively, including $4.0 million and $32.3 million, respectively, of employee severance and termination costs related to certain reorganization activities, primarily in Switzerland, U.K./Ireland and Central and Corporate, (iii) direct acquisition and disposition costs of $13.7 million and $33.7 million, respectively, primarily related to costs incurred in connection with the pending formation of the U.K. JV, and (iv) impairment charges of $5.7 million and $11.9 million, respectively, primarily in Belgium and U.K./Ireland.

The amounts for the 2019 periods include (i) restructuring charges of $25.3 million and $80.8 million, respectively, including $24.7 million and $76.8 million, respectively, of employee severance and termination costs related to certain reorganization activities, primarily in U.K./Ireland, Central and Corporate and Switzerland, (ii) for the nine-month period, impairment charges of $22.6 million related to the write-off of certain network assets in U.K./Ireland during the three months ended March 31, 2019, and (iii) aggregate direct acquisition and disposition costs of $11.6 million and $29.7 million, respectively, primarily related to the sales of the Vodafone Disposal Group and UPC DTH and costs incurred related to an agreement to sell our operations in Switzerland, which was terminated in the fourth quarter of 2019.

If, among other factors, (i) our equity values were to decline or (ii) the adverse impacts of economic, competitive, regulatory or other factors (including with respect to COVID-19**)** were to cause our results of operations or cash flows to be worse than anticipated, we could conclude in future periods that impairment charges are required in order to reduce the carrying values of our goodwill and, to a lesser extent, other long-lived assets. Any such impairment charges could be significant.

For additional information regarding our restructuring charges, see note 14 to our condensed consolidated financial statements.

*Interest expense*

We recognized interest expense of $279.8 million and $874.8 million during the three and nine months ended September 30, 2020, respectively, and $340.1 million and $1,071.0 million during the three and nine months ended September 30, 2019, respectively. Excluding the effects of FX, interest expense decreased $74.8 million or 22.0% and $198.1 million or 18.5% during the three and nine months ended September 30, 2020, respectively, as compared to the corresponding periods in 2019. These decreases are primarily attributable to (i) for the nine-month comparison, a lower average outstanding debt balance and (ii) lower weighted average interest rates. For additional information regarding our outstanding indebtedness, see note 9 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 6 to our condensed consolidated financial statements and under *Quantitative and Qualitative Disclosures about Market Risk* below, we use derivative instruments to manage our interest rate risks.

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

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

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | in millions | | | |
| Cross-currency and interest rate derivative contracts (a) | $ (755.4) | $ 567.3 | $ (222.5) | $ 549.1 |
| Equity-related derivative instruments: | | | | |
| ITV Collar | 82.9 | (106.8) | 433.2 | (7.0) |
| Lionsgate Forward | (5.7) | 5.5 | 0.8 | 15.1 |
| Other | (0.1) | 0.5 | 20.7 | 0.9 |
| Total equity-related derivative instruments (b) | 77.1 | (100.8) | 454.7 | 9.0 |
| Foreign currency forward and option contracts | (39.2) | 116.3 | (31.8) | 94.1 |
| Other | (0.3) | (0.7) | (0.6) | — |
| Total | $ (717.8) | $ 582.1 | $ 199.8 | $ 652.2 |

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(a) The results for the 2020 periods are primarily attributable to the net effect of (i) net losses associated with changes in the relative value of certain currencies and (ii) a net loss for the three-month period and a net gain for the nine-month period associated with changes in certain market interest rates. In addition, the results for the 2020 periods include net gains of $222.6 million and $294.3 million, respectively, resulting from changes in our credit risk valuation adjustments. The results for the 2019 periods are primarily attributable to the net effect of (a) net gains associated with changes in the relative value of certain currencies and (b) net losses associated with changes in certain market interest rates. In addition, the results for the 2019 periods include net losses of $14.1 million and $84.8 million, respectively, resulting from changes in our credit risk valuation adjustments.

(b) The recurring fair value measurements of our equity-related derivative instruments are based on Black-Scholes pricing models.

For additional information concerning our derivative instruments, see notes 6 and 7 to our condensed consolidated financial statements and Part I, Item 3. *Quantitative and Qualitative Disclosures about Market Risk* below.

*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 the underlying functional currency of the applicable entity. Unrealized foreign currency transaction gains or losses are computed based on period-end exchange rates and are non-cash in nature until such time as the amounts are settled. The details of our foreign currency transaction gains (losses), net, are as follows:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | in millions | | | |
| Intercompany payables and receivables denominated in a currency other than the entity's functional currency (a) | (1,033.9) | 309.0 | (870.8) | 482.8 |
| U.S. dollar-denominated debt issued by British pound sterling functional currency entities | 160.2 | (126.1) | (189.2) | (141.7) |
| U.S. dollar-denominated debt issued by euro functional currency entities | 132.5 | (168.8) | 161.4 | (205.6) |
| British pound sterling-denominated debt issued by a U.S. dollar functional currency entity | — | 40.5 | 88.9 | 46.1 |
| Cash and restricted cash denominated in a currency other than the entity's functional currency | (31.3) | 11.4 | (50.3) | 3.3 |
| Euro-denominated debt issued by British pound sterling functional currency entities | — | (4.1) | 30.5 | (6.5) |
| Other | 16.8 | (7.7) | (12.5) | (12.6) |
| Total | $ (755.7) | $ 54.2 | $ (842.0) | $ 165.8 |

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(a) Amounts primarily relate to (i) loans between certain of our non-operating and operating subsidiaries in Europe, which generally are denominated in the currency of the applicable operating subsidiary and (ii) loans between certain of our non-operating subsidiaries in the U.S. and Europe.

*Realized and unrealized gains (losses) due to changes in fair values of certain investments and debt, net*

Our realized and unrealized gains or losses due to changes in fair values of certain investments and debt include unrealized gains or losses associated with changes in fair values that are non-cash in nature until such time as these gains or losses are realized through cash transactions. For additional information regarding our investments, fair value measurements and debt, see notes 5, 7 and 9, respectively, to our condensed consolidated financial statements. The details of our realized and unrealized gains (losses) due to changes in fair values of certain investments and debt, net, are as follows:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | in millions | | | |
| Investments: | | | | |
| ITV | $ (20.5) | $ 70.2 | $ (450.2) | $ (17.6) |
| Lionsgate | 13.1 | (15.9) | (7.8) | (33.7) |
| SMAs | (0.3) | — | 5.6 | — |
| ITI Neovision | (2.2) | 0.2 | (4.1) | 0.7 |
| Other, net | (12.7) | 4.5 | 47.5 | (14.6) |
| Total investments | (22.6) | 59.0 | (409.0) | (65.2) |
| Debt | 1.1 | (2.6) | 10.0 | (25.3) |
| Total | $ (21.5) | $ 56.4 | $ (399.0) | $ (90.5) |

*Losses on debt extinguishment, net*

We recognized net losses on debt extinguishment of $0.3 million and $48.5 million during the three months ended September 30, 2020 and 2019, respectively, and $220.4 million and $97.3 million during the nine months ended September 30, 2020 and 2019, respectively.

The loss during the nine months ended September 30, 2020 is primarily attributable to (i) the payment of $188.2 million of aggregate redemption premiums and (ii) the write-off of $35.2 million of aggregate net unamortized deferred financing costs, discounts and premiums during the first and second quarters.

The loss during the nine months ended September 30, 2019 is primarily attributable to (i) the payment of $79.4 million of redemption premiums (including $35.7 million during the third quarter) and (ii) the write-off of $17.2 million of net unamortized deferred financing costs, discounts and premiums (including $12.9 million during the third quarter).

For additional information concerning our losses on debt extinguishment, net, see note 9 to our condensed consolidated financial statements.

*Share of results of affiliates, net*

The following table sets forth the details of our share of results of affiliates, net:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | in millions | | | |
| All3Media | $ (0.3) | $ (11.5) | $ (40.1) | $ (34.2) |
| VodafoneZiggo JV (a) | (6.8) | (21.8) | (34.9) | (124.1) |
| Formula E | (17.4) | 1.2 | (16.7) | (8.7) |
| Other | (2.6) | (0.7) | (7.4) | (6.0) |
| Total | $ (27.1) | $ (32.8) | $ (99.1) | $ (173.0) |

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(a) Amounts include the net effect of (i) interest income of $12.8 million, $12.6 million, $34.4 million and $37.8 million, respectively, representing 100% of the interest earned on the VodafoneZiggo JV Receivables and (ii) our 50% share of the results of operations of the VodafoneZiggo JV. The summarized results of operations of the VodafoneZiggo JV are set forth below:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | in millions | | | |
| Revenue | $ 1,166.7 | $ 1,096.9 | $ 3,345.4 | $ 3,275.3 |
| Adjusted EBITDA | $ 559.1 | $ 500.1 | $ 1,593.4 | $ 1,481.5 |
| Operating income | $ 124.2 | $ 42.1 | $ 275.4 | $ 130.7 |
| Non-operating expense (1) | $ (155.8) | $ (125.8) | $ (333.9) | $ (537.7) |
| Net loss | $ (25.6) | $ (68.0) | $ (111.3) | $ (322.3) |

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(1) Includes interest expense of $150.2 million, $159.6 million, $445.2 million and $488.5 million, respectively.

*Other income, net*

We recognized other income, net, of $5.3 million and $36.3 million for the three months ended September 30, 2020 and 2019, respectively, and $67.2 million and $75.3 million for the nine months ended September 30, 2020 and 2019, respectively. These amounts include (i) interest and dividend income of $8.2 million and $32.9 million during the three-month periods, respectively, and $50.6 million and $39.9 million during the nine-month periods, respectively, and (ii) credits related to the non-service components of our net periodic pension costs of $4.6 million and $3.2 million during the three-month periods, respectively, and $13.4 million and $9.7 million during the nine-month periods, respectively. In addition, other income, net, includes (a) for the nine months ended September 30, 2020, a $15.3 million gain related to certain assets that were contributed to a joint venture and (b) for the nine months ended September 30, 2019, a $25.7 million gain associated with the De Vijver Media Acquisition, representing the difference between the fair value and carrying amount of our then-existing 50% ownership interest in De Vijver Media.

*Income tax benefit*

We recognized income tax benefit of $161.2 million and $70.8 million during the three months ended September 30, 2020 and 2019, respectively.

The income tax benefit during the three months ended September 30, 2020 differs from the expected income tax benefit of $215.6 million (based on the U.K. statutory income tax rate of 19.0%) primarily due to the net negative impact of (i) non-deductible or non-taxable foreign currency exchange results and (ii) an increase in valuation allowances. The net negative impact of these items was partially offset by the net positive impact of an increase in deferred tax assets in the U.K. due to an enacted change in tax law.

The income tax benefit during the three months ended September 30, 2019 differs from the expected income tax expense of $98.2 million (based on the U.K. statutory income tax rate of 19.0%) primarily due to the net positive impact of (i) a decrease in valuation allowances, including $132.0 million recorded related to the estimated realization of deferred tax assets as a result of certain restructuring activities and (ii) non-deductible or non-taxable foreign currency exchange results. The net positive impact of these items was partially offset by the net negative impact of certain permanent differences between the financial and tax accounting treatment of (a) items associated with investments in subsidiaries and (b) interest and other items.

We recognized income tax benefit of $239.1 million and $16.2 million during the nine months ended September 30, 2020 and 2019, respectively.

The income tax benefit during the nine months ended September 30, 2020 differs from the expected income tax benefit of $132.8 million (based on the U.K. statutory income tax rate of 19.0%) primarily due to the net positive impact of (i) an increase in deferred tax assets in the U.K. due to an enacted change in tax law, (ii) the recognition of previously unrecognized tax benefits and (iii) tax benefits associated with technology innovation incentives. The net positive impact of these items was partially offset by the net negative impact of (a) an increase in valuation allowances and (b) non-deductible or non-taxable foreign currency exchange results.

The income tax benefit during the nine months ended September 30, 2019 differs from the expected income tax benefit of $14.3 million (based on the U.K. statutory income tax rate of 19.0%) primarily due to the net negative impact of certain permanent differences between the financial and tax accounting treatment of (i) items associated with investments in subsidiaries and (ii) interest and other items. The net negative impact of these items was partially offset by the net positive impact of (a) a decrease in valuation allowances, including $132.0 million recorded related to the estimated realization of deferred tax assets as a result of certain restructuring activities, and (b) non-deductible or non-taxable foreign currency exchange results.

For additional information concerning our income taxes, see note 11 to our condensed consolidated financial statements.

*Earnings (loss) from continuing operations*

During the three months ended September 30, 2020 and 2019, we reported earnings (loss) from continuing operations of ($973.6 million) and $587.2 million, respectively, consisting of (i) operating income of $662.1 million and $208.8 million, respectively, (ii) net non-operating income (expense) of ($1,796.9 million) and $307.6 million, respectively, and (iii) income tax benefit of $161.2 million and $70.8 million, respectively.

During the nine months ended September 30, 2020 and 2019, we reported losses from continuing operations of $459.7 million and $59.3 million, respectively, consisting of (i) operating income of $1,469.5 million and $463.0 million, respectively, (ii) net non-operating expense of $2,168.3 million and $538.5 million, respectively, and (iii) income tax benefit of $239.1 million and $16.2 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 and changes in ownership 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 is largely dependent on our ability to increase our aggregate operating income to a level that more than offsets the aggregate amount of our (a) interest expense, (b) other non-operating expenses and (c) income tax expense.

Due largely to the fact that we seek to maintain our debt at levels that provide for attractive equity returns, as discussed below under *Material Changes in Financial Condition — Capitalization*, we expect 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 certain aspects of our operating results in future periods, see the discussion under *Overview* above. For information concerning the reasons for changes in specific line items in our condensed consolidated statements of operations, see *Discussion and Analysis of our Reportable Segments* and *Discussion and Analysis of our Consolidated Operating Results* above.

*Earnings from discontinued operations, net of taxes*

We reported earnings from discontinued operations, net of taxes, of $92.2 million and $730.3 million during the three and nine months ended September 30, 2019, respectively, related to the operations of the Vodafone Disposal Group and UPC DTH. In addition, we recognized a gain of $12.2 billion related to the third quarter 2019 sale of the Vodafone Disposal Group and a gain of $106.0 million related to the second quarter 2019 sale of UPC DTH. For additional information, see note 4 to our condensed consolidated financial statements.

*Net earnings attributable to noncontrolling interests*

Net earnings attributable to noncontrolling interests increased $12.3 million and $62.4 million during the three and nine months ended September 30, 2020, respectively, as compared to the corresponding periods in 2019, primarily attributable to the results of operations of Telenet.

**Material Changes in Financial Condition**

***Sources and Uses of Cash***

We are a holding company that is dependent on the capital resources of our subsidiaries to satisfy our liquidity requirements at the corporate level. Each of our significant operating subsidiaries is separately financed within one of our three subsidiary "borrowing groups." These borrowing groups include the respective restricted parent and subsidiary entities within Telenet, Virgin Media and UPC Holding. Although our borrowing groups typically generate cash from operating activities, the terms of the instruments governing the indebtedness of these borrowing groups may restrict our ability to access the liquidity of these subsidiaries. In addition, our ability to access the liquidity of these and other subsidiaries may be limited by tax and legal considerations, the presence of noncontrolling interests and other factors.

*Cash and cash equivalents*

The details of the U.S. dollar equivalent balances of our consolidated cash and cash equivalents at September 30, 2020 are set forth in the following table (in millions):

| | |
|---|---|
| Cash and cash equivalents held by: | |
| Liberty Global and unrestricted subsidiaries: | |
| Liberty Global (a) | $ 29.7 |
| Unrestricted subsidiaries (b) | 3,346.0 |
| Total Liberty Global and unrestricted subsidiaries | 3,375.7 |
| Borrowing groups (c): | |
| Telenet | 98.7 |
| Virgin Media (d) | 280.5 |
| UPC Holding | 22.3 |
| Total borrowing groups | 401.5 |
| Total cash and cash equivalents | $ 3,777.2 |

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(a) Represents the amount held by Liberty Global on a standalone basis.

(b) Represents the aggregate amount held by subsidiaries that are outside of our borrowing groups.

(c) Except as otherwise noted, represents the aggregate amounts held by the parent entity and restricted subsidiaries of our borrowing groups.

(d) Represents the cash and cash equivalents of the Virgin Media borrowing group, which includes (i) certain subsidiaries of Virgin Media, but excludes the parent entity, Virgin Media Inc., and (ii) the cash and cash equivalents of the U.K. JV Entities, as such cash and cash equivalents will be retained by Liberty Global upon the formation of the U.K. JV and are therefore not classified as held for sale. Amount also excludes the Escrowed Proceeds associated with the VM O2 Notes. For information regarding the held-for-sale presentation of the U.K. JV Entities and the Escrowed Proceeds, see notes 4 and 9, respectively, to our condensed consolidated financial statements.

*Liquidity of Liberty Global and its unrestricted subsidiaries*

The $29.7 million of cash and cash equivalents held by Liberty Global and, subject to certain tax and legal considerations, the $3,346.0 million of aggregate cash and cash equivalents held by unrestricted subsidiaries, together with the $2,988.5 million of investments held under SMAs, represented available liquidity at the corporate level at September 30, 2020. Our remaining cash and cash equivalents of $401.5 million at September 30, 2020 were held by our borrowing groups, as set forth in the table above. As noted above, various factors may limit our ability to access the cash of our borrowing groups. For information regarding certain limitations imposed by our subsidiaries' debt instruments at September 30, 2020, see note 9 to our condensed consolidated financial statements.

Our current sources of corporate liquidity include (i) cash and cash equivalents held by Liberty Global and, subject to certain tax and legal considerations, Liberty Global's unrestricted subsidiaries, (ii) investments held under SMAs, (iii) interest and dividend income received on our and, subject to certain tax and legal considerations, our unrestricted subsidiaries' cash and cash equivalents and investments, including dividends received from the VodafoneZiggo JV, (iv) cash received with respect to transitional and other services provided to various third parties and (v) interest payments received with respect to the VodafoneZiggo JV Receivables.

From time to time, Liberty Global and its unrestricted subsidiaries may also receive (i) proceeds in the form of distributions or loan repayments from Liberty Global's borrowing groups or affiliates (including amounts from the VodafoneZiggo JV) upon (a) the completion of recapitalizations, refinancings, asset sales or similar transactions by these entities or (b) the accumulation of excess cash from operations or other means, (ii) proceeds upon the disposition of investments and other assets of Liberty Global and its unrestricted subsidiaries and (iii) proceeds in connection with the incurrence of debt by Liberty Global or its unrestricted subsidiaries or the issuance of equity securities by Liberty Global, including equity securities issued to satisfy subsidiary obligations. No assurance can be given that any external funding would be available to Liberty Global or its unrestricted subsidiaries on favorable terms, or at all.

At September 30, 2020, our consolidated cash and cash equivalents balance included $3,477.9 million held by entities that are domiciled outside of the U.K. Based on our assessment of our ability to access the liquidity of our subsidiaries on a tax efficient basis and our expectations with respect to our corporate liquidity requirements, we do not anticipate that tax considerations will adversely impact our corporate liquidity over the next 12 months. Our ability to access the liquidity of our subsidiaries on a tax efficient basis is a consideration in assessing the extent of our share repurchase program.

In addition, the amount of cash we receive from our subsidiaries to satisfy U.S. dollar-denominated liquidity requirements is impacted by fluctuations in exchange rates, particularly with regard to the translation of British pounds sterling and euros into U.S. dollars. In this regard, the strengthening (weakening) of the U.S. dollar against these currencies will result in decreases (increases) in the U.S. dollars received from the applicable subsidiaries to fund the repurchase of our equity securities and other U.S. dollar-denominated liquidity requirements.

Our corporate liquidity requirements include (i) corporate general and administrative expenses, (ii) interest payments on the ITV Collar Loan and (iii) principal payments on the ITV Collar Loan to the extent not settled through the delivery of the underlying shares. In addition, Liberty Global and its unrestricted subsidiaries may require cash in connection with (a) the repayment of third-party and intercompany debt, (b) the satisfaction of contingent liabilities, (c) acquisitions, (d) the repurchase of equity and debt securities, (e) other investment opportunities, (f) any funding requirements of our subsidiaries and affiliates or (g) income tax payments. In addition, our parent entity uses available liquidity to make interest and principal payments on notes payable to certain of our unrestricted subsidiaries (aggregate outstanding principal of $8.8 million at September 30, 2020 with varying maturity dates).

During the nine months ended September 30, 2020, the aggregate amount of our share repurchases was $979.2 million, including direct acquisition costs. At September 30, 2020, the remaining amount authorized for share repurchases was $92.6 million. In November 2020, our board of directors authorized an additional $1.0 billion for share repurchases. For additional information, see note 12 to our condensed consolidated financial statements.

For information regarding the liquidity impacts of the pending Sunrise Acquisition, see note 4 to our condensed consolidated financial statements.

*Liquidity of borrowing groups*

The cash and cash equivalents of our borrowing groups are detailed in the table above. In addition to cash and cash equivalents, the primary sources of liquidity of our borrowing groups are cash provided by operations and borrowing availability under their respective debt instruments. For the details of the borrowing availability of our borrowing groups at September 30, 2020, see note 9 to our condensed consolidated financial statements. The aforementioned sources of liquidity may be supplemented in certain cases by contributions and/or loans from Liberty Global and its unrestricted subsidiaries. The liquidity of our borrowing groups generally is used to fund property and equipment additions, debt service requirements and income tax payments. From time to time, our borrowing groups may also require liquidity in connection with (i) acquisitions and other investment opportunities, (ii) loans to Liberty Global, (iii) capital distributions to Liberty Global and other equity owners or (iv) the satisfaction of contingent liabilities. No assurance can be given that any external funding would be available to our borrowing groups on favorable terms, or at all.

For additional information regarding our consolidated cash flows, see the discussion under *Condensed Consolidated Statements of Cash Flows* below.

***Capitalization***

We seek to maintain our debt at levels that provide for attractive equity returns without assuming undue risk. In this regard, we generally seek to cause our operating subsidiaries to maintain their debt at levels that result in a consolidated debt balance (excluding the ITV Collar Loan and measured using subsidiary debt figures at swapped foreign currency exchange rates, consistent with the covenant calculation requirements of our subsidiary debt agreements) that is between four and five times our consolidated Adjusted EBITDA, although the timing of our acquisitions and financing transactions and the interplay of average and spot foreign currency rates may impact this ratio. Consolidated Adjusted EBITDA is a non-GAAP measure, which investors should view as a supplement to, and not a substitute for, GAAP measures of performance included in our condensed consolidated statements of operations.

Our ability to service or refinance our debt and to maintain compliance with the leverage covenants in the credit agreements and indentures of our borrowing groups is dependent primarily on our ability to maintain or increase the Adjusted EBITDA of our operating subsidiaries and to achieve adequate returns on our property and equipment additions and acquisitions. In addition, our ability to obtain additional debt financing is limited by the incurrence-based leverage covenants contained in the various debt instruments of our borrowing groups. For example, if the Adjusted EBITDA of one of our borrowing groups were to decline, our ability to obtain additional debt could be limited. Under our credit facilities and senior and senior secured notes there is no cross-default risk between subsidiary borrowing groups in the event that one or more of our borrowing groups were to experience significant declines in their Adjusted EBITDA to the extent they were no longer able to service their debt obligations. Any mandatory prepayment events or events of default that may occur would only impact the relevant borrowing group in which these events occur and do not allow for any recourse to other borrowing groups or Liberty Global plc. Our credit facilities and senior and senior secured notes require that certain members of the relevant borrowing group guarantee the payment of all sums payable thereunder and such group members are required to grant first-ranking security over their shares or, in certain borrowing groups, over substantially all of their assets to secure the payment of all sums payable thereunder. At September 30, 2020, each of our borrowing groups was in compliance with its debt covenants. In addition, we do not anticipate any instances of non-compliance with respect to the debt covenants of our borrowing groups that would have a material adverse impact on our liquidity during the next 12 months.

At September 30, 2020, the outstanding principal amount of our consolidated debt, together with our finance lease obligations, aggregated $12.0 billion, including $1.8 billion that is classified as current on our condensed consolidated balance sheet and $9.3 billion that is not due until 2026 or thereafter. All of our consolidated debt and finance lease obligations have been borrowed or incurred by our subsidiaries at September 30, 2020.

We believe we have sufficient resources to repay or refinance the current portion of our debt and finance lease obligations and to fund our foreseeable liquidity requirements during the next 12 months. However, as our maturing debt grows in later years, we anticipate 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 (including with respect to the COVID-19 pandemic), sovereign debt concerns or any adverse regulatory developments could impact the credit and equity markets we access and, accordingly, our future liquidity and financial position. Our ability to access debt financing on favorable terms, or at all, could be adversely impacted by (i) the financial failure of any of our counterparties, which 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. In addition, any weakness in the equity markets could make it less attractive to use our shares to satisfy contingent or other obligations, and sustained or increased competition, particularly in combination with adverse economic or regulatory developments, could have an unfavorable impact on our cash flows and liquidity.

For information regarding the potential impact of the COVID-19 pandemic on our company’s liquidity, see the discussion included above in *Overview.* For additional information concerning our debt and finance lease obligations, see notes 9 and 10, respectively, to our condensed consolidated financial statements.

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

*General.* Our cash flows are subject to significant variations due to FX.

*Summary.* The condensed consolidated statements of cash flows of our continuing operations for the nine months ended September 30, 2020 and 2019 are summarized as follows:

| | Nine months ended September 30, 2020 | Nine months ended September 30, 2019 | Change |
|---|---|---|---|
| | in millions | | |
| Net cash provided by operating activities | $ 2,692.3 | $ 2,220.2 | $ 472.1 |
| Net cash provided (used) by investing activities | (4,172.5) | 9,809.3 | (13,981.8) |
| Net cash provided (used) by financing activities | 348.2 | (6,434.8) | 6,783.0 |
| Effect of exchange rate changes on cash and cash equivalents and restricted cash | 20.2 | (32.6) | 52.8 |
| Net increase (decrease) in cash and cash equivalents and restricted cash | $ (1,111.8) | $ 5,562.1 | $ (6,673.9) |

*Operating Activities.* The increase in net cash provided by our operating activities is primarily attributable to the net effect of (i) an increase in cash provided due to lower payments of interest, (ii) a decrease in cash provided due to higher cash payments related to derivative instruments, (iii) an increase in the cash provided by our Adjusted EBITDA and related working capital items, (iv) an increase in cash provided due to lower payments for taxes, (v) an increase due to FX and (vi) an increase in cash provided due to higher cash received from dividends. Consolidated Adjusted EBITDA is a non-GAAP measure, which investors should view as a supplement to, and not a substitute for, GAAP measures of performance included in our condensed consolidated statements of operations.

*Investing Activities.* The change in net cash provided (used) by our investing activities is primarily attributable to a decrease in cash of (i) $11,219.9 million as a result of the net cash proceeds received from the sale of discontinued operations during the first nine months of 2019, (ii) $3,032.2 million associated with higher net cash paid for investments, primarily related to our investments held under SMAs, and (iii) $60.4 million due to higher capital expenditures. Capital expenditures increased from $900.1 million during the first nine months of 2019 to $960.5 million during the first nine months of 2020 due to the net effect of (a) an increase due to lower proceeds received for transfers to related parties, (b) a decrease in our net local currency capital expenditures and related working capital movements, including the impact of lower capital-related vendor financing, and (c) an increase due to FX.

The capital expenditures we report in our condensed consolidated statements of cash flows do not include amounts that are financed under capital-related vendor financing or finance 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 capital-related vendor financing or finance 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 finance lease arrangements. For further details regarding our property and equipment additions, see note 17 to our condensed consolidated financial statements. A reconciliation of our consolidated property and equipment additions to our consolidated capital expenditures, as reported in our condensed consolidated statements of cash flows, is set forth below:

| | Nine months ended September 30, | |
|---|---|---|
| | **2020** | **2019** |
| | **in millions** | |
| Property and equipment additions | $ 1,900.1 | $ 2,040.1 |
| Assets acquired under capital-related vendor financing arrangements | (1,033.6) | (1,303.2) |
| Assets acquired under finance leases | (31.2) | (47.2) |
| Changes in current liabilities related to capital expenditures | 125.2 | 210.4 |
| Capital expenditures, net | $ 960.5 | $ 900.1 |
| | | |
| Capital expenditures, net: | | |
| Third-party payments | $ 963.0 | $ 976.0 |
| Proceeds received for transfers to related parties (a) | (2.5) | (75.9) |
| Total capital expenditures, net | $ 960.5 | $ 900.1 |

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(a) Primarily relates to transfers of centrally-procured property and equipment to the VodafoneZiggo JV and our discontinued operations, as applicable.

The decrease in our property and equipment additions during the nine months ended September 30, 2020, as compared to the corresponding period in 2019, is due to (i) a decrease in local currency expenditures of our subsidiaries due to the net effect of (a) a decrease in expenditures for the purchase and installation of customer premises equipment, (b) a decrease in expenditures for new build and upgrade projects, (c) an increase in expenditures to support new customer products and operational efficiency initiatives and (d) a decrease in baseline expenditures, including network improvements and expenditures for property and facilities and information technology systems and (ii) an increase due to FX.

*Financing Activities.* The change in net cash provided by our financing activities is primarily attributable to the net effect of (i) an increase in cash of $4,774.4 million due to higher net borrowings of debt, (ii) an increase in cash of $2,236.8 million due to lower repurchases of Liberty Global ordinary shares and (iii) a decrease in cash of $138.1 million due to higher payments for financing costs and debt premiums.

***Adjusted Free Cash Flow***

We define adjusted free cash flow as net cash provided by the operating activities of our continuing operations, plus (i) cash payments for third-party costs directly associated with successful and unsuccessful acquisitions and dispositions and (ii) expenses financed by an intermediary, less (a) capital expenditures, as reported in our condensed consolidated statements of cash flows, (b) principal payments on amounts financed by vendors and intermediaries and (c) principal payments on finance leases (exclusive of the portions of the network lease in Belgium that we assumed in connection with an acquisition), with each item excluding any cash provided or used by our discontinued operations. We believe our presentation of adjusted free cash flow provides useful information to our investors because this measure can be used to gauge our ability to service debt and fund new investment opportunities. Adjusted free cash flow, which is a non-GAAP measure, should not be understood to represent our ability to fund discretionary amounts, as we have various mandatory and contractual obligations, including debt repayments, that are not deducted to arrive at this amount. Investors should view adjusted free cash flow as a supplement to, and not a substitute for, GAAP measures of liquidity included in our condensed consolidated statements of cash flows.

The following table provides the details of our adjusted free cash flow:

| | Nine months ended September 30, 2020 | Nine months ended September 30, 2019 |
|---|---|---|
| | in millions | |
| Net cash provided by operating activities of our continuing operations (a) | $ 2,692.3 | $ 2,220.2 |
| Cash payments for direct acquisition and disposition costs | 15.9 | 23.5 |
| Expenses financed by an intermediary (b) | 2,005.6 | 1,639.2 |
| Capital expenditures, net | (960.5) | (900.1) |
| Principal payments on amounts financed by vendors and intermediaries | (3,162.7) | (3,069.2) |
| Principal payments on certain finance leases | (48.9) | (57.0) |
| Adjusted free cash flow | $ 541.7 | $ (143.4) |

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(a) The 2019 amount includes interest payments related to debt that was repaid in connection with the completion of the disposition of the Vodafone Disposal Group. These interest payments were not allocated to discontinued operations.

(b) For purposes of our condensed consolidated statements of cash flows, expenses financed by an intermediary are treated as hypothetical operating cash outflows and hypothetical financing cash inflows when the expenses are incurred. When we pay the financing intermediary, we record financing cash outflows in our condensed consolidated statements of cash flows. For purposes of our adjusted free cash flow definition, we add back the hypothetical operating cash outflow when these financed expenses are incurred and deduct the financing cash outflows when we pay the financing intermediary.

***Contractual Commitments***

The following table sets forth the U.S. dollar equivalents of our commitments as of September 30, 2020. Due to the held-for-sale presentation of the U.K. JV Entities at September 30, 2020, the amounts presented below do not include the maturities of the debt and finance lease obligations, contractual commitments or the related cash interest payments of these entities. For information regarding the held-for-sale presentation of the U.K. JV Entities, see note 4.

| | Payments due during: | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Remainder of 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Thereafter | Total |
| | in millions | | | | | | | |
| Debt (excluding interest) | $ 478.3 | $ 1,471.3 | $ 290.7 | $ 172.7 | $ 29.3 | $ 13.4 | $ 9,053.6 | $ 11,509.3 |
| Finance leases (excluding interest) | 20.2 | 69.7 | 70.0 | 75.0 | 40.3 | 38.8 | 218.7 | 532.7 |
| Operating leases | 20.0 | 72.5 | 58.8 | 50.6 | 42.4 | 35.7 | 115.7 | 395.7 |
| Network and connectivity commitments | 45.5 | 99.8 | 70.3 | 44.9 | 38.5 | 37.0 | 714.7 | 1,050.7 |
| Programming commitments | 108.9 | 233.9 | 139.7 | 47.5 | 14.9 | 14.5 | 16.8 | 576.2 |
| Purchase commitments | 147.8 | 227.8 | 49.6 | 33.6 | 18.2 | 15.0 | 11.2 | 503.2 |
| Other commitments | 2.0 | 3.0 | 3.0 | 1.8 | 1.4 | 0.4 | 1.1 | 12.7 |
| Total (a) | $ 822.7 | $ 2,178.0 | $ 682.1 | $ 426.1 | $ 185.0 | $ 154.8 | $ 10,131.8 | $ 14,580.5 |
| Projected cash interest payments on debt and finance lease obligations (b) | $ 38.5 | $ 359.0 | $ 387.3 | $ 381.9 | $ 372.3 | $ 369.6 | $ 1,051.4 | $ 2,960.0 |

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(a) The commitments included in this table do not reflect any liabilities that are included in our September 30, 2020 condensed consolidated balance sheet other than debt and lease obligations. Our liability for uncertain tax positions in the various jurisdictions in which we operate ($367.7 million at September 30, 2020) has been excluded from the table as the amount and timing of any related payments are not subject to reasonable estimation.

(b) Amounts are based on interest rates, interest payment dates, commitment fees and contractual maturities in effect as of September 30, 2020. 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, original issue premiums or discounts.

For information concerning our debt obligations, finance and operating lease liabilities and commitments, see notes 9, 10 and 16, respectively, to our condensed consolidated financial statements.

In addition to the commitments set forth in the table above, we have significant commitments under (i) derivative instruments and (ii) defined benefit plans and similar agreements, 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, 2020 and 2019, see note 6 to our condensed consolidated financial statements. For information regarding projected cash flows associated with these derivative instruments, see Part I, Item 3. *Quantitative and Qualitative Disclosures about Market Risk — Projected Cash Flows Associated with Derivative Instruments* below.

## Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

### *General*

We are exposed to market risk in the normal course of our business operations due to our investments in various foreign countries and ongoing investing and financing activities. Market risk refers to the risk of loss arising from adverse changes in foreign currency exchange rates, interest rates and stock prices. The risk of loss can be assessed from the perspective of adverse changes in fair values, cash flows and future earnings. As further described below, we have established policies, procedures and processes governing our management of market risks and the use of derivative instruments to manage our exposure to such risks.

The information in this section should be read in conjunction with the more complete discussion that appears under Part II, Item 7A. *Quantitative and Qualitative Disclosures About Market Risk* in our 10-K. The following discussion updates selected numerical information to September 30, 2020.

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 Liberty Global or collectively to Liberty Global and its subsidiaries.

Unless otherwise indicated, convenience translations into U.S. dollars are calculated as of September 30, 2020.

### *Cash*

We invest our cash in highly liquid instruments that meet high credit quality standards. We are exposed to exchange rate risk to the extent that the denominations of our cash and cash equivalent balances, revolving lines of credit and other short-term sources of liquidity do not correspond to the denominations of our and our subsidiaries' short-term liquidity requirements. In order to mitigate this risk, we actively manage the denominations of our cash balances in light of our and our subsidiaries' forecasted liquidity requirements. At September 30, 2020, $3,083.5 million or 81.6%, $334.3 million or 8.9% and $333.7 million or 8.8% of our consolidated cash balances were denominated in U.S. dollars, British pound sterling and euros, respectively.

### *Foreign Currency Risk*

We are exposed to foreign currency exchange rate risk with respect to our consolidated debt in situations where our debt is denominated in a currency other than the functional currency of the operations whose cash flows support our ability to repay or refinance such debt. For information regarding our use of derivative instruments to manage our foreign currency exchange rate risk, see note 6 to our condensed consolidated financial statements.

The relationships between the primary currencies of the countries in which we operate and the U.S. dollar, which is our reporting currency, are shown below, per one U.S. dollar:

| | September 30, 2020 | December 31, 2019 |
|---|---|---|
| **Spot rates:** | | |
| Euro | 0.8531 | 0.8906 |
| British pound sterling | 0.7745 | 0.7540 |
| Swiss franc | 0.9214 | 0.9664 |
| Polish zloty | 3.8617 | 3.7906 |

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| **Average rates:** | | | | |
| Euro | 0.8551 | 0.8996 | 0.8904 | 0.8900 |
| British pound sterling | 0.7737 | 0.8114 | 0.7871 | 0.7858 |
| Swiss franc | 0.9195 | 0.9858 | 0.9506 | 0.9951 |
| Polish zloty | 3.7977 | 3.8869 | 3.9381 | 3.8284 |

***Interest Rate Risks***

We are exposed to changes in interest rates primarily as a result of our borrowing activities, which include fixed-rate and variable-rate borrowings by our borrowing groups. Our primary exposure to variable-rate debt is through the EURIBOR-indexed and LIBOR-indexed debt of our borrowing groups and the variable-rate debt of certain of our other subsidiaries.

In general, we enter into derivative instruments to protect against increases in the interest rates on our variable-rate debt. Accordingly, we have entered into various derivative transactions to manage exposure to increases in interest rates. We use interest rate derivative contracts to exchange, at specified intervals, the difference between fixed and variable interest rates calculated by reference to an agreed-upon notional principal amount. We also use interest rate cap and collar agreements and swaptions that lock in a maximum interest rate if variable rates rise, but also allow our company to benefit, to a limited extent in the case of collars, from declines in market rates. Under our current guidelines, we use various interest rate derivative instruments to mitigate interest rate risk, generally for five years, with the later years covered primarily by swaptions. As such, the final maturity dates of our various portfolios of interest rate derivative instruments generally fall short of the respective maturities of the underlying variable-rate debt. In this regard, we use judgment to determine the appropriate composition and maturity dates of our portfolios of interest rate derivative instruments, taking into account the relative costs and benefits of different maturity profiles in light of current and expected future market conditions, liquidity issues and other factors. For additional information concerning the impacts of these interest rate derivative instruments, see note 6 to our condensed consolidated financial statements.

In July 2017, the U.K. Financial Conduct Authority (the authority that regulates LIBOR) announced that it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. Additionally, the European Money Markets Institute (the authority that administers EURIBOR) has announced that measures will need to be undertaken by the end of 2021 to reform EURIBOR to ensure compliance with E.U. Benchmarks Regulation. Currently, it is not possible to predict the exact transitional arrangements for calculating applicable reference rates that may be made in the U.K., the U.S., the Eurozone or elsewhere given that a number of outcomes are possible, including the cessation of the publication of one or more reference rates. Our loan documents contain provisions that contemplate alternative calculations of the base rate applicable to our LIBOR-indexed and EURIBOR-indexed debt to the extent LIBOR or EURIBOR (as applicable) are not available, which alternative calculations we do not anticipate will be materially different from what would have been calculated under LIBOR or EURIBOR (as applicable). Additionally, no mandatory prepayment or redemption provisions would be triggered under our loan documents in the event that either the LIBOR rate or the EURIBOR rate is not available. It is possible, however, that any new reference rate that applies to our LIBOR-indexed or EURIBOR-indexed debt could be different than any new reference rate that applies to our LIBOR-indexed or EURIBOR-indexed derivative instruments. We anticipate managing this difference and any resulting increased variable-rate exposure through modifications to our debt and/or derivative instruments, however future market conditions may not allow immediate implementation of desired modifications and the company may incur significant associated costs.

*Weighted Average Variable Interest Rate.* At September 30, 2020, the outstanding principal amount of our variable-rate indebtedness aggregated $6.4 billion, and the weighted average interest rate (including margin) on such variable-rate indebtedness was approximately 2.4%, excluding the effects of interest rate derivative contracts, deferred financing costs, original issue premiums or discounts and commitment fees, all of which affect our overall cost of borrowing. Assuming no change in the amount outstanding, and without giving effect to any interest rate derivative contracts, deferred financing costs, original issue premiums or discounts and commitment fees, a hypothetical 50 basis point (0.50%) increase (decrease) in our weighted average variable interest rate would increase (decrease) our annual consolidated interest expense and cash outflows by $32.0 million. As discussed above and in note 6 to our condensed consolidated financial statements, we use interest rate derivative contracts to manage our exposure to increases in variable interest rates. In this regard, increases in the fair value of these contracts generally would be expected to offset most of the economic impact of increases in the variable interest rates applicable to our indebtedness to the extent and during the period that principal amounts are matched with interest rate derivative contracts.

***Sensitivity Information***

Information concerning the sensitivity of the fair value of certain of our more significant derivative instruments to changes in market conditions is set forth below. The potential changes in fair value set forth below do not include any amounts associated with the remeasurement of the derivative asset or liability into the applicable functional currency. For additional information, see notes 6 and 7 to our condensed consolidated financial statements.

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

Holding all other factors constant, at September 30, 2020:

(i) an instantaneous increase (decrease) of 10% in the value of the Swiss franc and Polish zloty relative to the euro would have decreased (increased) the aggregate fair value of the UPC Holding cross-currency and interest rate derivative contracts by approximately €398 million ($466 million);

(ii) an instantaneous increase (decrease) of 10% in the value of the Swiss franc relative to the U.S. dollar would have decreased (increased) the aggregate fair value of the UPC Holding cross-currency and interest rate derivative contracts by approximately €177 million ($207 million); and

(iii) an instantaneous increase (decrease) in the relevant base rate of 50 basis points (0.50%) would have increased (decreased) the aggregate fair value of the UPC Holding cross-currency and interest rate derivative contracts by approximately €106 million ($125 million).

*Telenet Cross-currency and Interest Rate Derivative Contracts*

Holding all other factors constant, at September 30, 2020:

(i) an instantaneous increase (decrease) of 10% in the value of the euro relative to the U.S. dollar would have decreased (increased) the aggregate fair value of the Telenet cross-currency and interest rate derivative contracts by approximately €362 million ($424 million); and

(ii) an instantaneous increase (decrease) in the relevant base rate of 50 basis points (0.50%) would have increased (decreased) the aggregate fair value of the Telenet cross-currency and interest rate derivative contracts by approximately €98 million ($115 million).

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

The following table provides information regarding the projected cash flows associated with our derivative instruments. The U.S. dollar equivalents presented below are based on interest rate projections and exchange rates as of September 30, 2020. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments or receipts required in future periods. As a result of the held-for-sale presentation of the debt and finance lease obligations of the U.K. JV Entities on our September 30, 2020 condensed consolidated balance sheet, the amounts presented below do not include projected derivative cash flows related to the U.K. JV Entities. For information regarding the held-for-sale presentation of the U.K. JV Entities, see note 4 to our condensed consolidated financial statements. For additional information regarding our derivative instruments, see note 6 to our condensed consolidated financial statements.

| | Payments (receipts) due during: | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Remainder of 2020** | **2021** | **2022** | **2023** | **2024** | **2025** | **Thereafter** | **Total** |
| | | | | **in millions** | | | | |
| Projected derivative cash payments (receipts), net: | | | | | | | | |
| Interest-related (a) | $ (20.4) | $ 56.8 | $ 29.0 | $ 16.1 | $ (8.1) | $ (17.9) | $ (27.7) | $ 27.8 |
| Principal-related (b) | — | (11.8) | — | 67.0 | (35.8) | 41.4 | 102.2 | 163.0 |
| Other (c) | — | (474.2) | (200.9) | (0.2) | — | — | — | (675.3) |
| Total | $ (20.4) | $ (429.2) | $ (171.9) | $ 82.9 | $ (43.9) | $ 23.5 | $ 74.5 | $ (484.5) |

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(a) Includes (i) the cash flows of our interest rate cap, floor and swap contracts and (ii) 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.

(c) Includes amounts related to our equity-related derivative instruments and foreign currency forward contracts. We may elect to use cash or the collective value of the related shares and equity-related derivative instrument to settle the ITV Collar Loan.

## Item 4. CONTROLS AND PROCEDURES

### *Evaluation of Disclosure Controls and Procedures*

In accordance with Exchange Act Rule 13a-15, we carried out an evaluation, under the supervision and with the participation of management, including our chief executive officer and chief financial officer (the **Executives**), of the effectiveness of our disclosure controls and procedures as of September 30, 2020. In designing and evaluating the disclosure controls and procedures, the Executives recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is necessarily required to apply judgment in evaluating the cost-benefit relationship of possible controls and objectives. Based on that evaluation, the Executives concluded that our disclosure controls and procedures as of September 30, 2020 effectively provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms.

### *Changes in Internal Controls over Financial Reporting*

There have been no changes in our internal controls over financial reporting identified in connection with the evaluation described above that occurred during the fiscal quarter covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

## PART II — OTHER INFORMATION

### Item 1A. RISK FACTORS

In addition to the other information contained in this Quarterly Report on Form 10-Q, you should consider the risk factors included in our most recently filed Annual Report on Form 10-K, as amended, and our March 31, 2020 Quarterly Report on Form 10-Q in evaluating our results of operations, financial condition, business and operations or an investment in the shares of our company.

### Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

**(c)** ***Issuer Purchases of Equity Securities***

| Period | Total number of shares purchased | Average price paid per share (a) | Total number of shares purchased as part of publicly announced plans or programs | Approximate dollar value of shares that may yet be purchased under the plans or programs |
|---|---|---|---|---|
| July 1, 2020 through July 31, 2020: | | | | |
| Class C | 3,331,223 | $ 22.65 | 3,331,223 | (b) |
| August 1, 2020 through August 31, 2020: | | | | |
| Class C | 3,727,400 | $ 22.10 | 3,727,400 | (b) |
| September 1, 2020 through September 30, 2020: | | | | |
| Class A | 1,300,000 | $ 22.43 | 1,300,000 | (b) |
| Class C | 4,282,700 | $ 21.47 | 4,282,700 | (b) |
| Total — July 1, 2020 through September 30, 2020: | | | | |
| Class A | 1,300,000 | $ 22.43 | 1,300,000 | (b) |
| Class C | 11,341,323 | $ 22.02 | 11,341,323 | (b) |

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(a) Average price paid per share includes direct acquisition costs.

(b) At September 30, 2020, the remaining amount authorized for share repurchases was $92.6 million. In November 2020, our board of directors authorized an additional $1.0 billion for share repurchases.

**Item 6. EXHIBITS**

Listed below are the exhibits filed as part of this Quarterly Report (according to the number assigned to them in Item 601 of Regulation S-K):

2 — Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession

| | |
|---|---|
| 2.1 | Transaction Agreement dated as of August 12, 2020 between Liberty Global plc and Sunrise Communications Group AG.* |

4 — Instruments Defining the Rights of Securities Holders, including Indentures

| | |
|---|---|
| 4.1 | Additional Facility AV Accession Agreement dated August 20, 2020 and entered into between, among others, UPC Financing Partnership as the Borrower and The Bank of Nova Scotia as the Facility Agent (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed August 26, 2020 (the August 2020 8-K)). |
| 4.2 | Additional Facility AW Accession Agreement dated August 20, 2020 and entered into between, among others, UPC Broadband Holding B.V. as the Borrower and The Bank of Nova Scotia as the Facility Agent (incorporated by reference to Exhibit 4.2 to the August 2020 8-K). |
| 4.3 | Additional Facility Q Accession Deed dated September 11, 2020 and entered into between Virgin Media Investment Holdings Limited as the Company, Virgin Media Bristol LLC as Borrower, The Bank of Nova Scotia as the Facility Agent and the Additional Facility Q Lenders (as defined therein) (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed September 16, 2020 (the September 16, 2020 8-K)). |
| 4.4 | Additional Facility R Accession Deed dated September 11, 2020 and entered into between Virgin Media Investment Holdings Limited as the Company, VMED O2 UK Holdco 4 Limited as Borrower, The Bank of Nova Scotia as the Facility Agent and the Additional Facility R Lenders (as defined therein) (incorporated by reference to Exhibit 4.2 to the September 16, 2020 8-K). |
| 4.5 | Additional Facility S Accession Deed dated September 24, 2020 and entered into between Virgin Media Investment Holdings Limited as the Company, VMED O2 UK Holdco 4 Limited as Borrower, The Bank of Nova Scotia as the Facility Agent and VMED O2 UK Financing I plc as the Additional Facility S Lender (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed September 30, 2020 (the September 30, 2020 8-K)). |
| 4.6 | Additional Facility T Accession Deed dated September 24, 2020 and entered into between Virgin Media Investment Holdings Limited as the Company, VMED O2 UK Holdco 4 Limited as Borrower, The Bank of Nova Scotia as the Facility Agent and VMED O2 UK Financing I plc as the Additional Facility T Lender (incorporated by reference to Exhibit 4.2 to the September 30, 2020 8-K). |
| 4.7 | Additional Facility U Accession Deed dated September 24, 2020 and entered into between Virgin Media Investment Holdings Limited as the Company, VMED O2 UK Holdco 4 Limited as Borrower, The Bank of Nova Scotia as the Facility Agent and VMED O2 UK Financing I plc as the Additional Facility U Lender (incorporated by reference to Exhibit 4.3 to the September 30, 2020 8-K). |

31 — Rule 13a-14(a)/15d-14(a) Certification:

| | |
|---|---|
| 31.1 | Certification of President and Chief Executive Officer* |
| 31.2 | Certification of Executive Vice President and Chief Financial Officer* |

32 — Section 1350 Certification**

| | |
|---|---|
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document* |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document* |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase* |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document* |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document* |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)* |

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* Filed herewith

** Furnished herewith

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LIBERTY GLOBAL PLC

Dated: November 4, 2020

/s/ MICHAEL T. FRIES

Michael T. Fries
*President and Chief Executive Officer*

Dated: November 4, 2020

/s/ CHARLES H.R. BRACKEN

Charles H.R. Bracken
*Executive Vice President and Chief Financial Officer*

**Exhibit 2.1**

Execution Version

# Transaction Agreement

dated as of August 12, 2020

by and between

**Liberty Global plc** (hereinafter the **Bidder**)
Griffin House, 161 Hammersmith Road,
London W6 8BS
United Kingdom

and

**Sunrise Communications Group AG** (hereinafter the **Company**)
Thurgauerstrasse 101B, 8152 Glattpark (Opfikon)
Switzerland

## Table of Contents

## Table of Annexes

| Number of Annex | Name of Annex |
|---|---|
| 1 | Definitions |
| 2.2(a) | Draft Pre-Announcement |
| 3.5 | Draft Press Release |
| 3.9(b) | Form of Tender Undertaking |
| 4.5(a) | Form of Resignation Declaration |
| 5(a) | Representations and Warranties of the Company |

**Whereas:**

A. The Company is a Swiss corporation (*Aktiengesellschaft*) with registered office in Glattpark (Opfikon), Switzerland, whose share capital amounts to CHF 45,265,446 and is divided into 45,265,446 registered shares with a nominal value of CHF 1.00 each (each share of the Company, a **Share**), which are listed on the SIX Swiss Exchange (**SIX**) (ISIN CH0267291224). The Company has (1) an authorized share capital allowing for the issuance of 4,200,000 additional Shares and (2) an authorized share capital for employee participations allowing for the issuance of 84,554 additional Shares. The Company does not have a conditional share capital. The Company has a total of 55,920 Performance Share Units, a total of 9,279 Performance Share Awards and a total of 5,043 Matching Share Awards outstanding that, subject to the Company meeting certain performance criteria, would upon expiry of the relevant blocking or vesting period entitle the holders of such awards to receive up to 128,019 additional Shares. The Company holds no Shares in treasury. The Company has no other shares, options, share purchase rights or conversion rights issued or outstanding or promised or owed now or for the future to directors, managers, employees or otherwise.

B. The Bidder is a public limited company organized under the United Kingdom Companies Act 2006, with registered office in London, United Kingdom.

C. Subject to the terms and conditions of this Agreement, the board of directors of the Bidder has resolved to submit a public tender offer for all publicly held Shares (the **Offer**), and the Company Board has unanimously resolved to support the Offer and, among other things, to publish a report of the Company Board unanimously and unconditionally recommending that the Company's shareholders accept the Offer.

D. Simultaneously with the signing of this Agreement, Freenet AG (**Freenet**]) has entered into a tender undertaking with the Bidder.

**Now, therefore**, the Parties agree as follows:

## 1. Definitions

Capitalized terms used and not otherwise defined in this Agreement shall have the meaning ascribed to them in Annex 1.

## 2. Offer

### 2.1 Offer and Offer Terms

(a) Subject to the terms and conditions of this Agreement, the Bidder shall, or shall procure that one of its Affiliates will (the Bidder or its offering Affiliate hereinafter, the **Offeror**), submit the Offer, consistent with Legal Requirements.

(b) Subject to the terms and conditions of this Agreement, the terms of the Offer, including the scope of the Offer, the offer restrictions, the offer price of CHF 110.00 net in cash for each Share (the **Offer Price**) and the dilution effects, and the conditions to which the Offer is subject (the **Offer Conditions**) shall be as set forth in the draft Pre-Announcement (as defined below).

### 2.2 Submission of the Offer

(a) The Bidder shall procure that the Offeror makes, before the opening of SIX immediately after signing of this Agreement, a pre-announcement (*Voranmeldung*) (the **Pre-Announcement**) of the Offer in German, French and English in accordance with article 7 Takeover Ordinance, consistent with the draft attached hereto as Annex 2.2(a).

(b) The Parties contemplate that the Offeror will publish, within six weeks of the publication of the Pre-Announcement, after receipt of a decree from the TOB that confirms compliance of the Offer with Swiss takeover Legal Requirements, the offer prospectus in German, French and English in accordance with article 7 Takeover Ordinance and otherwise in accordance with Legal Requirements and the decree of the TOB (the **Offer Prospectus**). The Offeror shall prepare the Offer Prospectus and any other documents in relation to the Offer that are to be produced by it in accordance with the Legal Requirements, and shall provide drafts thereof to the Company in a timely manner so as to give the Company a reasonable opportunity for review and comments, which comments shall be taken into account by the Offeror to the extent reasonable.

(c) The Offer shall remain open for acceptance for at least twenty (20) Trading Days (the **Main Offer Period**). The Offeror, in its sole discretion, may extend the Main Offer Period to up to forty (40) Trading Days in the aggregate or such longer period as may be approved by the Swiss Takeover Board (the **TOB**).

(d) Upon publication of the Pre-Announcement, the Bidder or the Offeror shall keep the Company regularly informed of the status of the Offer.

(e) The Offeror shall comply with all disclosure obligations in accordance with the Legal Requirements, including the FMIA and its implementing ordinances, especially in the event of transactions in Shares outside the Offer.

(f) The Parties acknowledge that the Offer will be subject to Regulation 14E under the United States Securities Exchange Act of 1934, as amended (the **Exchange Act**), except to the extent of any exemption therefrom pursuant to (i) Rule 14d-1(c) or Rule 14d-1(d)(2) under the Exchange Act, (ii) Rule 14e-5(b)(10) or Rule 14e-5(b)(11) under the Exchange Act (in each case, as applicable and assuming that the relevant conditions set forth in Rule 14d-1(c) or Rule 14d-1(d) are satisfied with respect to the Offer) or (iii) by action of the staff of the United States Securities and Exchange Commission (the **SEC**). Prior to the publication of the Offer Prospectus, the Company and the Bidder will, and the Bidder will cause the Offeror to, as applicable, cooperate in good faith with each other to determine if any additional no-action or exemptive relief from the staff of the SEC will be necessary or reasonable with respect to any aspects of the Offer. If the Parties determine that such additional no-action or exemptive relief is required or reasonable, the Parties will cooperate in good faith to promptly prepare and submit the relevant documentation seeking confirmation from the staff of the SEC that it will grant no-action or exemptive relief with respect to any aspects of the Offer that would conflict with any provisions of the Exchange Act or the rules and regulations promulgated thereunder that are applicable to the Offer. The Offeror undertakes to pay to the Company all third party costs reasonably incurred by the Company as from the date of this Agreement in connection with any action that the Bidder or one of its Affiliates requires the Company to take under this Section 2.2(f) if (i) the Offer is not settled and (ii) Reimbursement Amount is not payable. For the avoidance of doubt, the Parties agree that the process of seeking any no-action or exemptive relief from the staff of the SEC will be subject to Section 3.10.

(g) The Bidder shall, and shall use reasonable efforts to procure that its Affiliates (including the Offeror) and the Bidder's and its Affiliates' respective Representatives will, make all notifications and filings and take all other commercially reasonable efforts and actions, including those set forth elsewhere in this Agreement, which may be necessary to procure or support the satisfaction of the Offer Conditions as expeditiously as practicable.

## 3. Support of the Offer by the Company

### 3.1 Company Board Approvals

The Company hereby confirms that the Company Board has unanimously:

(a) approved this Agreement and the transactions hereby contemplated and determined that this Agreement and the transactions contemplated hereby are in the best interest of the Company, its shareholders and other stakeholders, and that the Offer Price is fair from a financial perspective based on the preliminary results of an analysis performed by ValueTrust Financial Advisors SE, an independent financial advisor who has been retained by the Company Board to provide a fairness opinion on the Offer in accordance with article 30(5) Takeover Ordinance (the **Fairness Opinion**) fair from a financial perspective;

(b) approved the cost compensation pursuant to Section 9(b); and

(c) resolved to recommend acceptance of the Offer, as set forth in further detail in Section 3.6(a).

### 3.2 General Support and Cooperation

Subject to any constraints under mandatory Legal Requirements,

(a) the Company shall, and shall procure that its Subsidiaries will, support the Offer;

(b) the Company shall refrain, and shall procure that its Subsidiaries and the Company's and its Subsidiaries' Representatives will, refrain, from any acts, filings or statements that are reasonably likely to adversely affect the Offer or its success;

(c) the Company shall, and shall procure that its Subsidiaries will, reasonably cooperate with the Bidder and any of its Affiliates (including the Offeror) and give each of them and their respective

Representatives reasonable access during normal business hours and on at least one (1) Trading Day's prior notice to the senior management of the Company, books and records, as well as to the share registrar and other service providers of the Company or its Subsidiaries, and provide them and their respective Representatives with all documents and information reasonably required by the Bidder or any of its Affiliates (including the Offeror) or their respective Representatives to:

(i) evaluate, prepare or support any notifications, filings or communications with the TOB, the Swiss Financial Market Supervisory Authority FINMA (the **FINMA**), the SIX or any other Governmental Entity, including post-Offer actions such as those contemplated in Section 7;

(ii) after the expiration of the Main Offer Period, discuss employment terms with the Company's officers and employees;

(iii) obtain any necessary third party consents or approvals (and make any necessary notifications) in connection with the Offer and the transactions contemplated by this Agreement;

(iv) implement and settle the Offer;

(v) enable a smooth transition and preparation of integration; and

(vi) obtain all Tax rulings relating to this Agreement and the transactions contemplated therein (including the Acquisition Financing) from the competent Governmental Entities (the **Tax Rulings**).

(d) the Company shall, and shall procure that its Subsidiaries will, give prompt notice to the Bidder of:

(i) any event, change, fact or occurrence that is reasonably likely to cause (1) any of the Company's representations and warranties contained in this Agreement to become untrue or inaccurate or (2) any of the Offer Conditions not to be satisfied;

(ii) any event, change, fact or occurrence that is reasonably likely to affect the Tax Rulings or the Tax Rulings process, to the extent the content of such Tax Rulings is known to the Company;

(iii) any material failure of the Company to comply with any covenant or agreement contained in this Agreement;

(iv) any Action commenced or threatened relating to the consummation of the Offer or the transactions contemplated by this Agreement; and

(v) any notice or inquiry from any Governmental Entity in connection with the Offer or the transactions contemplated by this Agreement.

### 3.3 Restricted Transactions and Non-Solicitation

(a) The Company shall, and shall procure that its Subsidiaries and the Company's and its Subsidiaries' Representatives will, immediately, in relation to a Restricted Transaction or any inquiry or proposal that could reasonably be expected to lead to a Restricted Transaction:

(i) cease and cause to be terminated any and all existing discussions or negotiations with any Person;

(ii) request the prompt return or destruction of all information previously furnished to any such Person or its Subsidiaries or its or their Representatives; and

(iii) terminate all access (including through any data room or similar medium) previously granted to any such Person or its Subsidiaries or its or their Representatives.

(b) Subject to Section 3.4, the Company shall not, and shall procure that its Subsidiaries and the Company's and its Subsidiaries' Representatives will not, directly or indirectly:

(i) solicit, initiate, encourage or facilitate any inquiries or proposals from, or discuss or negotiate, or continue discussions or negotiations with, any third party relating to a (potential) Restricted Transaction, or take any other action which may solicit, initiate, encourage or facilitate a Restricted Transaction; or

(ii) provide any information to any third party (or any of such third party's Affiliates) that may be considering a Restricted Transaction or grant access to any such third party (or any of its Affiliates) to the Target Group's businesses, properties, assets, books or records; or

(iii) approve or enter into any binding or non-binding letter of intent, agreement or other arrangement relating to a Restricted Transaction (each, a **Restricted Transaction Agreement**); or

(iv) waive, terminate, modify or release any third party (other than the Bidder and its Affiliates, including the Offeror, and its and their respective Representatives) from any provision of, or grant any permission, waiver or request under, any confidentiality, standstill or similar agreement or obligation.

### 3.4 Alternative Transaction Proposal or Competing Offer

(a) The Company shall promptly (but no later than twenty-four (24) hours after receipt) notify the Bidder and the Offeror in writing of any Alternative Transaction Proposal or Competing Offer or any proposal or inquiry for or in relation to any Restricted Transaction, or of any request for information relating to the Company or any of its Subsidiaries or for access to the business, properties, assets, books or records of the Company or any of its Subsidiaries by any Person for or in relation to any Restricted Transaction. In such notification, the Company shall identify the Person making any such proposal, offer, inquiry or request and, to the extent specified, the terms and conditions of such Person's proposal, offer, inquiry or request and of any Restricted Transaction, Alternative Transaction Proposal or Competing Offer, and shall provide all documentation available to it in respect thereof, including any agreements proposed in relation thereto. Further, the Company shall keep the Bidder and the Offeror fully informed of any material development with respect thereto (including providing all material correspondence, draft documentation or other written material, and any change to the material terms thereof), within twenty-four (24) hours after receipt thereof.

(b) If the Company has received a Alternative Transaction Proposal before the expiration of the Main Offer Period, the Company may in response to such Alternative Transaction Proposal (A) provide information with respect to the Company to the Proposing Party pursuant to a customary confidentiality and standstill agreement, which confidentiality and standstill agreement shall, however, be on terms no less restrictive than the Confidentiality Agreement and shall not contain any terms that impair the Company's ability to comply with its obligations to the Bidder and the Offeror under this Agreement; and (B) participate in discussions or negotiations with the Proposing Party regarding such Alternative Transaction Proposal, in each case of (A) and (B) if, once and for as long as all of the following prerequisites are met:

(i) the Company has discharged its notification obligations under Section 3.4(a); and

(ii) the Company Board has Properly Determined that (1) the transaction proposed in the Alternative Transaction Proposal is likely to be more favorable to the holders of Shares than the Offer, taking into account all the terms and conditions of the Alternative Transaction Proposal, including any expense reimbursement provisions, execution risks, conditions to the consummation of the Alternative Transaction Proposal and regulatory, financing and other aspects of the proposal (such a transaction, a **Superior Transaction**); (2) the Proposing Party is reasonably capable of expeditiously making, financing and consummating the Superior Transaction proposed in such Alternative Transaction Proposal; and (3) the Company Board's failure to take the contemplated action in relation to such Alternative Transaction Proposal would violate Legal Requirements.

(c) If the Company provides information to the Proposing Party in accordance with Section 3.4(b) that it has not previously shared with the Bidder and the Offeror, the Company shall notify the Bidder and the Offeror that such information is available for review, and provide access to such information to the Bidder, its Affiliates (including the Offeror) and its and their Representatives at substantially the same time, in the same manner and otherwise on terms no less favorable than those afforded to the Proposing Party.

(d) The Company shall procure that neither the Company Board nor any committee thereof nor any other Person on the Company's Board behalf or on behalf of any committee of the Company Board will, unless permitted by Section 3.4(e):

(i) withdraw, modify or qualify the unanimous recommendation of the Offer;

(ii) approve or enter into any Restricted Transaction Agreement;

(iii) approve or recommend any Restricted Transaction; or

(iv) make any announcement to that effect

(any such action, a **Restricted Action**).

(e) The Company is permitted to take Restricted Actions in relation to a Competing Offer that was submitted in accordance with Swiss takeover Legal Requirements before the expiration of the Main Offer Period if, once and for as long as all of the following prerequisites are met:

(i) the Company has discharged its notification obligations under Section 3.4(a);

(ii) the Company Board has Properly Determined that (1) the transaction proposed in the Competing Offer is a Superior Transaction; (2) the Proposing Party is reasonably capable of expeditiously making, financing and consummating the Superior Transaction; and (3) the Company Board's failure to take the contemplated action in relation to such Competing Offer would violate Legal Requirements

(iii) the Company has notified the Bidder and the Offeror in writing of its intention to take Restricted Actions, specifying such Restricted Actions and the reasons therefor and has given the Bidder and the Offeror five (5) Trading Days (the **Matching Period**) following such notification to submit to the Company a binding proposal for an improved Offer, so that the improved Offer will be at least as favorable to the holders of Shares as such Superior Transaction (the **Matching Right**);

(iv) the Matching Period has expired and the Bidder or the Offeror has failed to exercise its Matching Right within such Matching Period; and

(v) the terms and conditions of, and with respect to, such Competing Offer correspond, and continue to correspond, to the terms and conditions as the Company has notified them to the Bidder and the Offeror in accordance with Section 3.4(a).

If the Company does not, within ten (10) Trading Days after the expiration of the Matching Period, enter into a definitive agreement for a Superior Transaction on the terms and conditions as notified to the Bidder and the Offeror in accordance with Section 3.4(a), or if the terms and conditions of, and with respect to, such Competing Offer no longer correspond to the terms and conditions as notified to the Bidder and the Offeror in accordance with Section 3.4(a), the prerequisites of this Section 3.4(e) (including, for the avoidance of doubt, the Matching Right during a Matching Period) shall apply as if a new Competing Offer had been made.

(f) The Company shall, and shall instruct its Representatives to, negotiate in good faith with the Bidder or the Offeror and its Representatives during any Matching Period regarding any revisions to the terms of this Agreement or the Offer that the Bidder may propose in its sole discretion.

(g) Without limiting the Company's obligations under Section 3.3 and this Section 3.4, the Company may only approve or enter into a definitive agreement for a Superior Transaction if it concurrently terminates this Agreement pursuant to and in accordance with Section 11(a)(vii).

### 3.5 Press Release

On the date of the publication of the Pre-Announcement, the Bidder or the Offeror and the Company shall each publish a press release, substantially as set forth in Annex 3.5, including the Company Board's support for, and its unanimous and unconditional recommendation for acceptance of, the Offer.

### 3.6 Report of the Company Board

(a) Subject to the Company Board's right to withdraw, modify or qualify its unanimous recommendation of the Offer in accordance with Section 3.4(d) and 3.4(e), the Company Board shall issue a report to all shareholders of the Company in accordance with article 132(1) FMIA and article 30 *et seq.* Takeover Ordinance and consistent with market practice (the **Board Report**), such Board Report unanimously recommending that the shareholders of the Company accept the Offer.

(b) The Company Board shall issue the Board Report in German, French and English and make the Board Report available to the Offeror in due time so as to enable the Offeror to include and publish it as part of the Offer Prospectus.

### 3.7 Fairness Opinion

(a) The Company shall consult in good faith with the Bidder and the Offeror in relation to the content of the Fairness Opinion and shall provide, on a non-reliance basis, a draft of the Fairness Opinion to the Bidder and the Offeror sufficiently in advance of publication with a view to facilitating such consultation.

(b) The Company shall procure that the final Fairness Opinion will be published in German, French and English as an integral part of and concurrently with the Board Report in accordance with article 30(5) Takeover Ordinance.

### 3.8 Fulfillment of Offer Conditions

(a) The Company shall, and shall use reasonable efforts to procure that its Subsidiaries and shall instruct the Company's and its Subsidiaries' respective Representatives to, make all notifications and filings and take all other commercially reasonable efforts and actions, including those set forth elsewhere in this Agreement, which may be reasonably necessary or appropriate to procure (in the case of Offer Condition (e) and (h)) or support (in the case of Offer Conditions (b), (c),(f) and (g)) the satisfaction of the following Offer Conditions as expeditiously as practicable:

(i) as contemplated by Section 4.1, Condition (b) (*Merger Clearances and Other Approvals*) (the **Regulatory Approval Condition**);

(ii) Condition (c) (*No Injunction or Prohibition*);

(iii) Condition (e) (*Registration in the Share Register of the Company*);

(iv) Condition (f) (*Resignation and Appointment of Members of the Board of Directors of the Company*);

(v) Condition (g) (*No Adverse Resolutions by the General Meeting of Shareholders of the Company*); and

(vi) Condition (h) (*No Acquisition or Sale of Material Assets, No Incurrence or Repayment of Material Indebtedness*).

(b) The Company shall, in relation to the Offer Conditions (e) (*Registration in the Share Register of the Company*) and (f) (*Resignation and Appointment of Members of the Board of Directors of the Company*), keep the Bidder and the Offeror reasonably and on a regular basis informed of the progress of the satisfaction of such Offer Conditions and promptly upon satisfaction of any such Offer Condition deliver to the Bidder and the Offeror appropriate evidence thereof.

(c) The Company shall deliver to the Bidder and the Offeror certificates by the Chairman of the Company Board and the CEO of the Company as set forth below, dated the day on which the respective certificate is due, where the Chairman of the Company Board and the CEO of the Company confirm in writing, to the best of their knowledge, as follows:

(i) on the first (1st) Trading Day after the end of the Main Offer Period, that each of the Offer Conditions (c) (*No Injunction or Prohibition*), (d) (*No Material Adverse Effect*), (g) (*No Adverse Resolutions by the General Meeting of Shareholders of the Company*) and (h) (*No Acquisition or Sale of Material Assets, No Incurrence or Repayment of Material Indebtedness*) is satisfied;

(ii) on the first (1st) Trading Day after the end of the additional acceptance period of the Offer, that each of the Offer Conditions (c) (*No Injunction or Prohibition*), (e) (*Registration in the Share Register of the Company*), (f) (*Resignation and Appointment of Members of the Board of Directors of the Company*), (g) (*No Adverse Resolutions by the General Meeting of Shareholders of the Company*) and (h) (*No Acquisition or Sale of Material Assets, No Incurrence or Repayment of Material Indebtedness*) is satisfied; and

(iii) on the Trading Day immediately prior to the anticipated settlement date of the Offer, that each of the Offer Conditions referenced in Section 3.8(a) is satisfied.

(c) The Bidder and the Offeror agree that the Chairman of the Company Board and the CEO of the Company shall not be held personally liable for the issuance of these certificates and the confirmations contained therein, provided that the Chairman of the Company Board and the CEO of the Company did not knowingly provide false or misleading confirmations.

### 3.9 Tender of Shares

(a) The Company shall, and shall procure that its Subsidiaries will and shall instruct the Company's and its Subsidiaries' Representatives to, use its and their respective commercially reasonable efforts to support the tender of the Shares into the Offer by its shareholders, including (A) by assisting in the preparation of marketing materials for the Offer and in the preparation of road shows and marketing events in relation to the Offer and (B) upon reasonable request by the Bidder or the Offeror and if deemed reasonably necessary or useful by the Bidder or the Offeror (after consultation with the Company) to achieve a tender of more than 98% of the Shares into the Offer;

(i) directly liaising with shareholders and approaching them together with the Bidder and the Offeror as reasonably requested by the Bidder or the Offeror to cause them to tender their Shares or the Shares represented by them (or to sell their Shares if offer restrictions apply to them);

(ii) encouraging the Company's retail shareholder base and the Company's employees to tender their Shares; and

(iii) subject to Legal Requirements, disclosing such information regarding the Company's shareholder base to the Bidder, the Offeror, the tender agent, the proxy agent and any persons acting on their behalf, and providing such other assistance as to enable them to plan and engage in efforts at procuring tenders of Shares from shareholders of the Company.

(b) The Company shall use its commercially reasonable efforts to procure that each member of the Company Board and of the Executive Leadership Team enters into an undertaking with the Offeror in the form attached as Annex 3.93.9(b) before publication of the Offer Prospectus to the effect that each such individual will tender the Shares owned or controlled by him/her into the Offer. The Offeror acknowledges and agrees that prior to the date of this Agreement and in order to enable the members of the Executive Leadership Team to tender the Shares held by them, the Company Board has subject to the conditions that (i) the Offer is not terminated by the Offeror upon the expiration of the Main Offer Period and (ii) more than 50% of all the Shares have been tendered under the Offer during the Main Offer Period resolved to release all members of the Executive Leadership Team from their obligation to hold a minimum number of Shares as further specified in their respective employment contracts.

(c) The Company shall procure that no Treasury Shares are tendered into the Offer.

**3.10 Consultation on Communication**

(a) Save where the communication is purely administrative, the Parties agree to consult with each other sufficiently in advance of any notification, filing or communication (whether in writing or orally) in connection with the Offer which they, their Subsidiaries or their or their Subsidiaries' Representatives propose to make or submit to the TOB, the FINMA, the SIX, any Tax Governmental Entity or any other Governmental Entity (other than in relation to the Regulatory Approval Condition, which is governed by Section 4.1) related to the Offer. The Parties undertakes to consider and take into account any reasonable comments that the other Party may have or may make prior to making any such notification, filing or communication, and to invite the other Party duly in advance to attend any meetings or other personal or oral communications.

(b) The Parties will keep each other promptly informed on any material development in the proceedings with, and provide the other Party with copies of any of its notifications, filings or other communications to, the TOB, the FINMA, the SIX, any Tax Governmental Entity or any other Governmental Entity related to the Offer.

**4. Further Covenants**

**4.1 Regulatory Approval Condition**

(a) The Bidder shall procure that the Offeror, as soon as reasonably practicable after the date hereof but subject to the Company's compliance with its obligation to provide information to and support the Offeror in connection with any such filing, shall make all necessary filings with and submissions and notifications to the competent Governmental Entities with a view of satisfying the Regulatory Approval Condition as promptly as practicable. The Bidder shall not have any obligation to, and shall not have any obligation to procure that any of its Affiliates, (i) take any action to procure the satisfaction of the Regulatory Approval Condition that is not conditioned on the settlement of the Offer or (ii) offer or accept any undertakings, restrictions or conditions in order to obtain any regulatory approval, if such undertakings, restrictions or conditions would permit the Offeror to terminate the Offer.

(b) Without limiting the generality of Section 3.2 and Section 3.8, the Company shall, and shall procure that its Subsidiaries will:

(i) cooperate with the Bidder and any of its Affiliates (including the Offeror) and give each of them and their respective Representatives reasonable access to the management, personnel and Representatives of the Company or its Subsidiaries, and provide the Bidder and its Affiliates and their respective Representatives with all documents and information reasonably requested by the Bidder or any of its Affiliates or their respective Representatives, all as necessary or useful to procure the satisfaction of the Regulatory Approval Condition;

(ii) initiate any communication with Governmental Entities or Representatives of Governmental Entities (including holders of elected office) related to the Regulatory Approval Condition or its satisfaction only with the prior written consent of the Bidder or the Offeror;

(iii) promptly notify the Bidder and the Offeror of any communication related to the Regulatory Approval Condition or its satisfaction initiated by a Governmental Entity and subject to any Legal Requirements take direction from the Bidder as to how to address such communication; and

(iv) subject to Section 4.1(d) and at the request of the Bidder, prepare and make all filings that may be necessary or useful to procure the satisfaction of the Regulatory Approval Condition.

(c) The Bidder shall consult with the Company as regards the strategic approach to be taken with regard to the Regulatory Approval Condition and shall take into consideration the Company's view before devising and implementing the strategy for obtaining any necessary approvals or clearances under the Regulatory Approval Condition and shall take the lead in all meetings and communications with any Governmental Entity in connection therewith.

(d) The Company (i) shall not agree to any action or obligation to procure the satisfaction of the Regulatory Approval Condition, whether or not conditioned on the settlement of the Offer, without the prior written consent of the Bidder or the Offeror, and (ii) shall agree to any action or obligation to procure the satisfaction of the Regulatory Approval Condition at the direction of the Bidder or the Offeror so long as such action or obligation is conditioned on the settlement of the Offer.

(e) The Bidder or the Offeror shall:

(i) prior to making any written filings with and submissions and notifications to Governmental Entities, provide drafts thereof, including any supporting documentation (in each case with the redactions necessary to comply with Legal Requirements), to the Company and its Representatives, give the Company and its Representatives the reasonable opportunity to comment thereon within a reasonable time period not less than three (3) Business Days or, given the circumstances, any shorter time period reasonably practicable, and give reasonable considerations to those comments;

(ii) promptly provide to the Company and its Representatives copies of all filings, submissions and notifications in the form submitted or sent (with the redactions necessary to comply with Legal Requirements);

(iii) promptly notify the Company and provide copies (with the redactions necessary to comply with Legal Requirements) of any material communication to and from any Governmental Entity in relation to such filings, submissions or notifications (including any requests by Governmental Entities for additional information) or any other material developments in connection with the regulatory clearance process;

(iv) give two Representatives of the Company the opportunity, to the extent reasonably practicable, to attend all meetings and telephone calls with any Governmental Entity in relation to such filings, submissions or notifications that are not purely administrative (except where the Governmental Entity expressly requests that the Company should not attend all or part of the meeting or the telephone call). Such Representatives shall have the opportunity to speak at such meetings in accordance with the overall strategy for obtaining the relevant approval or clearance as per Section 4.1(c);

(v) keep the Company otherwise promptly and fully informed (including openly copying the Company on all written communications with any Governmental Entity) on any significant development in relation to any such filings, submissions and notifications; and

(vi) give notice to the Company as soon as practicable, and in any event within one Business Day, in writing once an approval from a Governmental Entity has been obtained (including by providing a copy of such approval with redactions as necessary to comply with Legal Requirements).

(f) Each of the Company and the Offeror shall be responsible for determining, based on advice by external legal counsel, what information to be provided under this Section 4.1 is information that is to be shared among regulatory clean teams only and, in discharge of its respective obligations under this Section 4.1, shall provide any such information to the other Party only in accordance with a regulatory clean team agreement to be entered into between the Parties or their respective Affiliates.

(g) The Bidder and any members of the Bidder Group shall be permitted to act through internal regulatory and legal counsel who are Regulatory Clean Team Members for the purposes of the regulatory clearance process as if they were external counsels.

(h) Each of the Offeror and the Company shall be responsible for the accuracy of the information provided by it for any filings, submissions and notifications.

### 4.2 Trading and Other Restrictions

(a) The Company is aware and acknowledges that, as from the execution of this Agreement, it and all other members of the Target Group and other Affiliates are deemed to be acting in concert with the Bidder and any of its Affiliates (including the Offeror) with respect to the Offer in accordance with article 11 Takeover Ordinance.

(b) The Company agrees, at all times from (and including) the date of execution of this Agreement until (and including) the day falling six (6) months after the end of the additional acceptance period of the Offer (such period, the **Restricted Period**), to comply, and to procure that all of its Affiliates comply, with the obligations set forth in article 12(1) Takeover Ordinance, including the best price rule pursuant to article 12(1)(b) and article 10 Takeover Ordinance. The Company shall, and shall procure that its Affiliates will and shall instruct the Company's and its Affiliates' Representatives to, refrain from doing anything which may result in an obligation of the Bidder, the Offeror or any other Person, including the Company and its Affiliates, to increase the Offer Price.

(c) Without limiting the generality of Section 4.2(b), the Company shall not, and shall procure that neither its Affiliates nor any Person on its or their behalf will, during the Restricted Period, without the prior written consent of the Bidder:

(i) acquire, or agree to acquire, any shares (including Shares), other equity or equity-linked securities, options, warrants, conversion rights or other securities or rights for securities in the Company (including, for the avoidance of doubt, derivatives, financial instruments or rights providing for cash settlement only); or

(ii) change or amend or agree to change or amend any of the terms and conditions of the Incentive Plans or the rights or awards granted thereunder or under any other participation plan or arrangement, or establish or agree to any new option, share or other participation plan or arrangement, or agree to or perform any cash settlement or repurchase of any rights or awards, except as set forth in Section 6.

(d) Effective as of the execution of this Agreement, the Company shall procure that any share buy-back programs and any market making or similar arrangements are suspended. At all times during the Restricted Period, the Company shall not permit any share buy-back programs or similar arrangements to be reactivated, nor initiate, resolve on, enter into or communicate any new share buy-back program or similar arrangement without the prior written consent of the Bidder or the Offeror.

### 4.3 Registration in the Share Register of the Company

Before the end of the additional acceptance period of the Offer, the Company shall procure that the Company Board shall resolve, subject to the settlement of the Offer, to register the Offeror and|or any of its Affiliates in the Company's share register as shareholder(s) with voting rights with respect to all Shares that the Offeror or any of its Affiliates may acquire in the Offer or otherwise, with effect as per such acquisition. Upon each such acquisition of Shares, the Company shall promptly register the Offeror or its applicable Affiliate(s) in the Company's share register as shareholder(s) with voting rights with respect to all Shares acquired.

### 4.4 Shareholders' Meetings

(a) Except (i) for the shareholders' meeting pursuant to Section 4.5(b) or (ii) if requested by a shareholder or shareholders holding at least 3% of the share capital of the Company, the Company Board shall not convene any shareholders' meeting of the Company in the period from the date of this Agreement through the settlement of the Offer without the prior written consent of the Bidder or the Offeror.

(b) The Company Board shall recommend the rejection of any items put on the agenda of any shareholders' meeting of the Company on request of a shareholder and of any additional or amending proposals or requests submitted by a shareholder with respect to any agenda items for any shareholders' meeting of the Company unless such recommendation to reject would be inconsistent with its statutory fiduciary duties or such item or proposal or request could not reasonably be expected to adversely affect the Offer.

(c) Subject to any Legal Requirements that prevent shareholders and guests to physically attend shareholders' meetings, the Bidder and the Offeror shall have the right to attend, and shall be invited by the Company to, any shareholders' meeting of the Company as a guest, including the shareholders' meeting pursuant to Section 4.5(b), in the period from the date of this Agreement through the settlement of the Offer.

### 4.5 Company Board and Directors

(a) The Company shall procure that all Company Board members (the **Resigning Company Board Members**) will, subject to the condition that the Offer will be settled and the Offeror will hold more than 50% of the Shares immediately after the settlement of the Offer, resign as members of the Company Board and the board of directors or equivalent corporate body of any of the Company's Subsidiaries, if applicable, no later than by the end of the Main Offer Period and with effect as of the settlement date of the Offer, by signing a resignation declaration substantially in the form attached hereto as Annex 4.5(a).

(b) The Company Board shall call a shareholders' meeting of the Company to be held during the additional acceptance period of the Offer in accordance with applicable Legal Requirements and the Articles of Association, and put to a vote of such meeting the election of each individual designated by the Bidder or the Offeror as members of the Company Board (the **Bidder Nominees**) as well as one individual as chairman of the Company Board and certain individuals as members of the nomination and compensation committee, in each case as designated by the Bidder or the Offeror, and all with effect as per the settlement date of the Offer and subject to the condition that the Offeror will hold more than 50% of the Shares immediately after the settlement of the Offer.

(c) The Company shall procure that the Bidder and the Offeror and their respective Representatives are given due opportunity to review, and comment on, the invitation to the shareholders' meeting pursuant to Section 4.5(b), and the resolutions submitted for its approval, and consult with the Bidder and the Offeror on all other relevant matters in connection with such shareholders' meeting.

(d) If the Bidder Nominees are not validly elected to the Company Board on or by the settlement date of the Offer, the Bidder Nominees shall, subject to any Legal Requirements, be entitled to receive, as of such date, all information provided to members of the Company Board and to attend all meetings of the Company Board with a consulting vote.

(e) If not all Resigning Company Board Members resign in accordance with Section 4.5(a), or if not all Bidder Nominees are elected at the shareholders' meeting in accordance with Section 4.5(b), the Company shall upon the Bidder's or the Offeror's request use commercially reasonable efforts to procure that such number of members of the Company Board as is necessary for the Bidder and the Offeror to control a majority of the members of the Company Board as of the settlement of the Offer will enter into a mandate agreement with the Bidder or the Offeror reasonably satisfactory to the Bidder and the Offeror. In any event, the Bidder and the Offeror shall have the right to request that the Company Board call another shareholders' meeting for the election to the Company Board of the Bidder Nominees and of additional nominees proposed by the Bidder or the Offeror.

### 4.6 Conduct of Business

(a) The Company shall, and shall procure that each of its Subsidiaries will, (i) continue to operate its business as a going concern, in the ordinary course and consistent with past practice and the current budget and business plan, and in compliance with all Legal Requirements at all times from the date of this Agreement through the settlement of the Offer, and (ii) preserve substantially intact its business organization and goodwill, keep available the services of its officers and employees and preserve the relationships with the Persons having business relationships with the Company or any of its Subsidiaries.

(b) Without limiting the generality of Section 4.6(a), unless required by merger control Legal Requirements or expressly provided otherwise in this Agreement, the Company shall not, and shall procure that none of its Subsidiaries nor any Person on the Company's or any of its Subsidiaries' behalf will, without the prior consent of the Bidder (such consent not to be unreasonably withheld or delayed) or, if merger control Legal Requirements do not so permit, prior consultation of the Bidder, in each case in accordance with Section 4.6(c), do or agree to do or announce any of the following from the date of this Agreement through the settlement of the Offer:

(i) do anything that is reasonably likely to interfere with, inhibit or impair, hinder or delay the consummation of the Offer or any of the transactions contemplated by this Agreement;

(ii) make any change in the terms of service or employment of any director, officer or employee of the Target, or hire any director, officer or employee with an individual aggregate compensation in excess of CHF 250,000 per year, in each case other than (1) increases in compensation in the ordinary course of business consistent with past practice, (2) in accordance with existing agreements or (3) in the case of employees, in accordance with existing collective bargaining arrangements;

(iii) other than as required by the terms of an Incentive Plan as in existence on the date of this Agreement or in accordance with Section 6, (1) grant or pay any change-of-control, retention, severance or termination pay to, or increase in any manner the change-of-control, retention, severance or termination pay of any director, officer or employee of any member of the Target Group, (2) grant any awards (including grants of any stock or stock-based awards or the removal of existing restrictions in any Incentive Plans or awards made thereunder) other than in the ordinary course of business consistent with past practice, (3) take any action to fund or in any other way secure the payment of compensation or benefits, or (4) take any action to accelerate the vesting or payment of any compensation or benefit under any Incentive Plan or awards made thereunder;

(iv) materially change any actuarial or other assumption used to calculate funding obligations with respect to any Equity Plan, employee benefit or pension plan, or change the manner in which contributions to any such plan are made or the basis on which such contributions are determined;

(v) enter into, amend, modify or terminate any collective bargaining arrangements;

(vi) form, enter into, amend, modify, terminate or withdraw from any material partnership, consortium, (contractual or incorporated) joint venture or other incorporated association or agree to make or make any capital expenditure or equity commitments in connection therewith;

(vii) amend or otherwise alter in any manner the articles of association or organizational regulations or similar governing documents of the Company or any of its Subsidiaries;

(viii) issue, sell, grant, split, subdivide, encumber, redeem, repurchase or otherwise dispose of or acquire any shares (including Shares), other equity or equity-linked securities, options, warrants, conversion rights or other securities or rights for securities in the Company or any of its Subsidiaries or increase, reduce or otherwise change the share capital or capital structure of the Company or any of its Subsidiaries;

(ix) directly or indirectly offer, sell, write options, assign, encumber or otherwise dispose of or transfer the legal or beneficial ownership of all or a part of the Treasury Shares or other securities that are directly or indirectly held by the Company or any of its Subsidiaries or solicit any offers to purchase or otherwise acquire or make a pledge of any such Treasury Shares or such other securities;

(x) authorize, apply for, or cause to be approved, the listing of equity securities (including Shares) on any stock exchange;

(xi) sell, lease, license, transfer or otherwise dispose of any material assets of the Company or any of its Subsidiaries to a third party, other than the sale of passive mobile infrastructure in accordance with the built-to-suit-agreement between Sunrise Communications AG and Swiss Towers AG dated July 19, 2017 and the sale of inventory and used equipment in the ordinary course of business consistent with past practice;

(xii) acquire, whether by means of merger, share exchange, consolidation, tender offer, asset purchase or otherwise, (1) any shares or other equity or equity-linked securities, options, conversion rights or other securities or rights for securities of any Business Association or (2) any assets (other than the acquisition of supplies and inventory in the ordinary course of business consistent with past practice) from a third party;

(xiii) (1) refinance, terminate, cancel, prepay, assign (other than giving its consent to the sale by Huawei of receivables from Sunrise Communications AG to DNB in accordance with the terms of such contracts with Huawei and DNB as are in effect as at the date of this Agreement and consistent with past practice), waive or materially amend the terms of any financing arrangements of the Target Group, (2) enter into any new financing arrangements (including vendor financing or vendor financing-like arrangements) or draw down funds under any existing financing arrangements of the Target Group in excess of CHF 10,000,000 in the aggregate other than a draw down of the existing CHF 200 million revolving credit facility with Credit Suisse (Schweiz) AG and other lenders pursuant to the senior facilities agreement dated January 13, 2015 (as amended and restated on February 9, 2015, December 23, 2016 and June 15, 2018), (3) enter into or materially amend any derivative instrument of the Target Group, or (4) enter into or materially amend any capital lease of the Target Group;

(xiv) enter into, increase or extend any liability under, any guarantee, indemnity or similar arrangement other than in the ordinary course of business consistent with past practice;

(xv) make, increase or extend any loan or advance or grant any credit to any third Person other than in the ordinary course of business consistent with past practice;

(xvi) grant, create or allow to be created any Lien over any of its assets or Intellectual Property Rights of the Company or its Subsidiaries other than as arising by operation of Legal Requirements or in the ordinary course of business consistent with past practice;

(xvii) (1) abandon, disclaim, dedicate to the public, sell, transfer or otherwise dispose of any material Intellectual Property Rights of the Company or its Subsidiaries, (2) grant to any third party any license, or enter into any covenant not to sue, with respect to any material Intellectual Property Rights of the Company or its Subsidiaries (other than the grant of non-exclusive licenses of such Intellectual Property Rights to business partners in the ordinary course of business consistent with past practice), (3) disclose or allow to be disclosed any material confidential information to any Person, other than to Persons that are subject to a customary confidentiality or non-disclosure undertaking protecting against further disclosure thereof or (4) adversely amend or modify any material Intellectual Property Rights of the Company or its Subsidiaries in any material respect;

(xviii) liquidate any member of the Target Group or incorporate any new subsidiary or initiate or effect any insolvency or similar proceedings, mergers, demergers, acquisitions, reorganizations, consolidations, purchases or divestitures of securities or businesses or material assets or Intellectual Property Rights or similar transactions involving or with respect to the Company or any of its Subsidiaries;

(xix) (1) initiate, discontinue or settle any Actions other than any settlements involving only the payment of sums of money not higher than CHF 5,000,000 per Action in the ordinary course of business consistent with past practice, (2) or discontinue or settle, or otherwise fail to further pursue, the Action against Swisscom (and any related actions) announced by the Company on May 15, 2020;

(xx) declare, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, except for dividends to another direct or indirect wholly owned Subsidiary of the Company or to the Company, or resolve, declare or make any capital reduction or repayments on shares or other securities;

(xxi) enter into, amend, modify or terminate or consent to the termination (including via the failure to exercise a right to renew on commercially reasonable terms) of, or amend, modify, terminate or consent to the termination of any rights under, any distribution, customer, manufacturer, marketing or supply agreement other than in the ordinary course of business consistent with past practice;

(xxii) (A) enter into, amend, modify or terminate or consent to the termination (including via the failure to exercise a right to renew on commercially reasonable terms) of, or amend, modify, terminate or consent to the termination of any rights under, any (1) agreement purporting to limit the ability of the Company or any of its Subsidiaries or Representatives to compete in any line of business or with any Person or entity or in any geographic area or during any period of time or in any customer segment, (2) agreement providing for "exclusivity" or any similar requirement or "most favored nation" or similar rights, in each case in favor of any Person other than the Company or any of its Subsidiaries, (3) agreement to the extent the consummation of the Offer or any of the other transactions contemplated under this Agreement would reasonably be expected to trigger, conflict with or result in a violation of any "change of control" or similar provision of such agreement, (4) agreement with Huawei Technologies Co., Ltd., or any of its Affiliates, or (5) agreement with any member of the Target Group or any current or former director, officer or employee of any member of the Target Group or (B) enter into any new whole-sale fixed network access agreement;

(xxiii) do, or, to the extent within the powers of the Company, fail to prevent, anything that could have a Material Adverse Effect (as defined in the Pre-Announcement) or cause any of the representations set forth in Annex 5(a) to be breached, untrue or inaccurate when given as of any date after the date hereof, or take any action that would be inconsistent with the obligations of a target company pursuant to article 132(2) FMIA or articles 35 to 37 Takeover Ordinance;

(xxiv) change the accounting procedures, principles or practices of the Company or any of its Subsidiaries in effect at the date of this Agreement;

(xxv) make any change (or file any such change) in any material method of Tax accounting, make, change or rescind any material Tax election, file any amended Tax return, file any claim for refund of a material amount of Taxes, enter into any closing agreement relating to a material amount of Taxes or waive or extend the statute of limitations in respect of material Taxes, in each case outside of the ordinary course of business and, to the extent applicable, consistent with past practice;

(xxvi) take any action that is reasonably likely to interfere with, inhibit or impair, hinder or delay the obtainment and implementation of the Tax Rulings (to the extent known to the Company);

(xxvii) cancel, compromise, waive or release any right or claim or series of related rights and claims or any indebtedness outside the ordinary course of business consistent with past practice; or

(xxviii) enter into any commitments to pay, or pay, any fees, costs and expenses in relation to the Offer and the transactions contemplated by this Agreement to any brokers, financial advisers, finders, other intermediaries or professional advisers over or above what has been fairly disclosed to the Bidder prior to the date of this Agreement.

(c) Any notification of a planned action under this Section 4.6 shall be made in writing (e-mail sufficient) to a Designated Individual, and any consent thereto shall only be valid if given in writing (e-mail sufficient) by a Designated Individual.

### 4.7 Financial Statements

Subject to mandatory Legal Requirements and applicable stock exchange regulations, the Company shall not publish any financial statements or financial report or information prior to the settlement of the Offer other than quarterly financial reports consistent with past practice.

### 4.8 Acquisition Financing

(a) Without limiting the generality of Section 3.2(c) and provided that the Company and the Company's Subsidiaries may refrain from any action that would divert material resources from or lead to a disruption of the operations of the Company's or the Company's day-to-day business and subject to any constraints under mandatory Legal Requirements, the Company shall, and shall cause its Subsidiaries and the Company's and its Subsidiaries' Representatives to, provide such cooperation in connection with the evaluation, preparation and arrangement of debt financing to fund certain of the consideration in connection with the Offer, the refinancing of existing debt of the Target Group or any associated derivatives (together, the **Acquisition Financing**) as may be reasonably required and requested by the Bidder or the Offeror, including without limitation:

(i) participation of senior management (including the chief financial officer) in meetings, drafting sessions, due diligence sessions and|or presentations to prospective lenders and investors and sessions with rating agencies needed to rate and to market the Acquisition Financing;

(ii) furnishing, or using commercially reasonable efforts to cause third parties to furnish, the Bidder and the Offeror and its financing sources with financial information regarding the Company and its Subsidiaries;

(iii) providing due diligence materials and other information required by any financing sources or their Representatives in connection with their due diligence investigation of the Company and its Subsidiaries, and providing access during normal business hours and on at least 1 Trading Day's prior notice to the premises, Representatives (including senior management), books, records and accounts of the Company and its Subsidiaries;

(iv) providing all information and documents reasonably necessary in connection with obtaining the Tax Rulings (including any pre-existing Tax rulings relating to the financing of the Company and its Subsidiaries as well as any relevant correspondence with Tax Governmental Entities);

(v) providing all information and documents reasonably necessary in connection with the preparation of customary confidential information memoranda and other customary marketing materials to be used in connection with any syndication reasonably deemed necessary by any lead arranger or equivalent Person;

(vi) providing all information and documents reasonably necessary in connection with the procurement of public corporate credit ratings, public corporate family ratings and public ratings (as applicable) from each of Standard & Poor's, Moody's and Fitch, reasonably requested by the Bidder or the Offeror, in respect of relevant issuers, borrowers and guarantors and facilities and other instruments issued;

(vii) providing all information and documents reasonably necessary in connection with the preparation of any credit agreements, security agreements and other financing and security documents, filings and other certificates and documents, and otherwise reasonably facilitating the granting of security interests;

(viii) providing all documents and other information about the Company and its Subsidiaries as are reasonably required by the relevant underwriters, lenders, agents and other finance parties and their counsel with respect to (i) applicable "know your customer" and Anti-Money Laundering Laws and (ii) obtaining all reasonably necessary internal approvals and satisfying all other relevant conditions precedent;

(ix) arranging for change of control, repayment or redemption related notices and other steps in connection with the existing indebtedness of the Company and its Subsidiaries and using commercially reasonable efforts to obtain customary pay-off letters, releases, lien terminations, title transfers, and instruments of discharge or transfer relating to any collateral to be delivered;

(x) consenting to the use of logos of the Company and its Subsidiaries;

(xi) obtaining the assistance of the Target Group's auditors to provide consents for the use of their reports in materials related to the Acquisition Financing, and procuring their participation in drafting sessions and due diligence sessions (to the extent permissible under Legal Requirements and their professional standards); and

(xii) providing reasonable assistance in relation to any syndication of the debt facilities contemplated by the Acquisition Financing.

(b) Neither the Company nor any of its Subsidiaries shall be required to agree to any commitment or obligation pursuant to this Section 4.8 unless such commitment or obligation is conditional on the closing of the Offer.

(c) The Offeror undertakes to pay to the Company all third party costs reasonably incurred by the Company after the date of this Agreement in connection with any action that the Bidder or one of its Affiliates requires the Company to take under this Section 4.8 if (i) the Offer is not settled and (ii) the Reimbursement Amount is not payable.

### 4.9 Integration Planning

Without limiting the generality of Section 3.2(c) and to the extent permitted under merger control Legal Requirements, the Company shall provide, and shall procure that the Company's Subsidiaries and its and their Representatives will promptly provide, to the Bidder, the Bidder's Affiliates and the Bidder's and its Affiliates' Representatives upon reasonable request such information (to the extent available) regarding the Target Group and access to personnel of the Target Group as is reasonably necessary and shall cooperate in good faith with the Bidder for the purposes of planning and preparing for the integration of the Target Group to the Bidder Group following the settlement of the Offer (including in relation to IT systems integration, transmission and core network integration, MVNO integration, commercial model, branding, and operational and organizational design) provided that the Company and the Company's Subsidiaries may refrain from any action that would divert resources from or lead to a material disruption of the operations of the Company's or the Company's Subsidiaries day-to-day business. The Offeror undertakes to pay to the Company all third party costs reasonably incurred by the Company after the date of this Agreement in connection with any action that the Bidder or one of its Affiliates requires the Company to take under this Section 4.9 if (i) the Offer is not settled and (ii) the Reimbursement Amount is not payable.

## 5. Representations and Warranties of the Company

(a) The Company hereby represents and warrants that, except as fairly disclosed (i) in the annual report 2019 of the Company, (ii) in any ad hoc statement or press release of the Company published in the period between January 1, 2020 and the date of this Agreement or (iii) to the Bidder prior to the date of this Agreement, the statements set forth in Annex 5(a) are true and correct as of the date of this Agreement.

(b) The Company shall, irrespective of any fault, indemnify the Bidder, the Offeror and their Affiliates and hold each of them harmless from and against any and all damages, losses, liabilities (whether accrued, contingent or otherwise), claims, penalties, judgments, settlements, fines, interest and costs and expenses suffered, incurred or payable by, or brought against, any of them as result of, or arising from or based upon, any misrepresentation or breach of any of the warranties set forth in Annex 5(a) in each case which are proximately caused by the misrepresentation or breach of any of the warranties set forth in Annex 5(a). For the avoidance of doubt, under no circumstances shall punitive damages, exemplary damages or any multiple portion of any multiplied damages, lost profit, loss of profit and loss of goodwill be indemnifiable.

## 6. Incentive Plans and Share Compensation of the Company Board

### 6.1 Equity Plans

#### 6.1.1 The Equity Plans and Outstanding Shares and Awards

(a) The Company has the following types of restricted Shares issued or equity awards in relation to Shares granted to employees under the following share-based remuneration plans (together, the **Equity Plans**)

(i) performance share units (the **Performance Share Units**) granted under the Sunrise Performance Share Unit Plan dated January 13, 2020 (the **PSUP**);

(ii) investment shares (the **Investment Shares**), awards for performance shares (the **Performance Share Awards** ) and awards for matching shares (the **Matching Share Awards**) granted under the Sunrise Management Long Term Investment Programme – Revised dated March 1, 2017 (the **MLTIP**); and

(iii) restricted shares (the **Restricted Shares**) granted under the Sunrise 2020 Employee Share Participation Plan of February 2020 (the **ESPP**).

(b) Pursuant to the terms of MLTIP and the ESPP, respectively, the Investment Shares and the Restricted Shares are blocked and may not be sold or otherwise transferred by any holder thereof for a period of three years from the date on which they were delivered to such holder (the **Blocking Period**). As of the date of this Agreement, an aggregate of 210,740 blocked Investment Shares and blocked Restricted Shares is outstanding under the MLTIP and the ESPP.

(c) Pursuant to the terms of the PSUP and the MLTIP, respectively, (i) each Performance Share Unit, Performance Share Award and Matching Share Award has a vesting period of three years from the grant date (the **Vesting Period**), and (ii) upon expiration of the Vesting Period, each Performance Share Unit entitles its holder to receive zero to two (0-2) Shares, each Performance Share Award entitles its holder to receive zero to one point two (0-1.2) Shares, and each Matching Share Award entitles its holder to receive one (1) Share, in each case free of charge. As of the date of this Agreement, the Company has granted and outstanding 55,920 Performance Share Units, 808 Performance Share Awards granted in 2017 (the **2017 Performance Share Awards**), 8,471 Performance Share Awards granted in 2018 (the **2018 Performance Share Awards**) and 5,043 Matching Share Awards, entitling their holders to receive an aggregate of up to 128,019 Shares upon expiration of the Vesting Period.

(d) Pursuant to the Equity Plans, the Company Board may, in the event of a change of control of the Company, amend or adjust the Equity Plans in its discretion.

#### 6.1.2 Treatment of Equity Plans and Outstanding Shares and Awards

(a) From the date of this Agreement until the earlier of the settlement of the Offer or the date on which the Bidder or the Offeror has terminated the Offer, the Company shall not, and shall procure that none of its Subsidiaries will, issue any (restricted) Shares or grant any awards relating to Shares, except as set forth in Section 6.1.2(c).

(b) Provided that all Offer Conditions are satisfied, the Company shall terminate all Equity Plans which have not been terminated prior to the settlement of the Offer effective as of the settlement date of the Offer.

(c) Provided that (i) the Offer is not terminated by the Offeror upon the expiration of the Main Offer Period, (ii) more than 50% of all the Shares have been tendered under the Offer during the Main Offer Period, (iii) the TOB or any other Governmental Entity has issued a decision or decree that the following adjustments do not trigger the best price rule or violate the principle of equal treatment of offerees under Swiss takeover Legal Requirements and (iv) the review body has not determined that the following adjustments infringe or trigger the best price rule or any other Legal Requirements, the Company shall, and shall have the right to, adjust the Equity Plans and make the determinations as set forth below:

(i) the applicable Blocking Period in relation to the Investment Shares and the Restricted Shares will be accelerated to terminate on the first day of the additional acceptance period of the Offer, and all Investment Shares and Restricted Shares will be tendered under the Offer during the additional acceptance period on behalf and on the account of the holders thereof;

(ii) the applicable Vesting Period in relation to each Performance Share Unit, Performance Share Award and Matching Share Award will be accelerated to terminate no later than on the last Trading Day prior to the settlement of the Offer, and all entitlements of the holders of Performance Share Units, Performance Share Awards and Matching Share Awards will vest in full on such date (such date, the **Accelerated Vesting Date )**;

(iii) based on the determination of the Company Board, each Performance Share Unit will convert into the right to receive two (2) Shares and each 2017 Performance Share will convert into the right to receive zero point nine three nine eight (0.9398) Shares and each 2018 Performance

Share Award will convert into the right to receive zero point eight three (0.83) Shares, in each case as at the Accelerated Vesting Date; and

(iv) the Performance Share Units, Performance Share Awards and Matching Share Awards will be settled in cash in lieu of Shares, and to that effect each right to receive Share(s) under the Performance Share Units, Performance Share Awards and Matching Share Awards will be converted into the right to receive an amount in cash corresponding to the Offer Price per Share, payable, together with the dividend equivalents pursuant to PSUP and the MLTIP accrued until the Accelerated Vesting Date, to the holders thereof with value as of the settlement date of the Offer.

(d) If and to the extent that the review body under the Offer or the TOB or any other Governmental Entity should determine that any of the adjustments or determinations set forth in Section 6.1.2(c) triggers the best price rule or violates the principle of equal treatment of offerees under Swiss takeover Legal Requirements and would require the Bidder to increase the Offer Price or otherwise change the terms of the Offer, the Company shall, and shall have the right to, after prior consultation with the Offeror, amend such adjustment or determination in such a way to make it compliant with the best price rule or any other Legal Requirement and, to the extent deemed reasonably necessary by the Parties, obtain an advance ruling from the TOB confirming such compliance if the contemplated adjustment is made by the Company; provided, however, that such amended adjustments and determinations shall overall not be more beneficial to the participants under the Equity Plans than the adjustments and determinations specified in Section 6.1.2(c).

### 6.2 Short Term Incentive Plan

(a) Under the Sunrise Bonus Plan (the **Short Term Incentive Plan** , and together with the Equity Plans the **Incentive Plans)**, Sunrise employees are, subject to reaching certain pre-defined performance targets, entitled to receive a variable bonus payment of up to 200% of their annual base salary.

(b) Provided that (i) the Offer is not terminated by the Offeror upon the expiration of the Main Offer Period, (ii) more than 50% of all the Shares have been tendered under the Offer during the Main Offer Period, (iii) the TOB or any other Governmental Entity has issued a decision or decree that the following adjustments do not trigger the best price rule or violate the principle of equal treatment of offerees under Swiss takeover Legal Requirements and (iv) the review body has not determined that the following adjustments infringe or trigger the best price rule or any other Legal Requirements, the Company shall, and shall have the right to, adjust the Short Term Incentive Plan so that so that the target achievement under the Short Term Incentive Plan for the financial year 2020 will be measured at settlement of the Offer, such target achievement rate will be linearly extrapolated to December 31, 2020 and the bonus calculated on the basis of this target achievement rate for the entire financial year 2020 will be paid out on a *pro-rated* basis, i.e. the *pro-rated* portion of the bonus for the period between January 1, 2020 and the settlement of the Offer, will be paid at settlement of the Offer.

### 6.3 Share Compensation of the Company Board

(a) Prior to the date of this Agreement, part of the base compensation of the members of the Company Board has been paid in Shares which are blocked for a period of three years from the date on which they were delivered to the relevant Company Board member. As of the date of this Agreement 17,632 Shares held by members of the Company Board are blocked.

(b) Provided that (i) the Offer is not terminated by the Offeror upon expiration of the Main Offer Period and (ii) more than 50% of all the Shares have been tendered under the Offer during the Main Offer Period, the applicable blocking period in relation to the blocked Shares held by the Company Board members will be accelerated to terminate on the first day of the additional acceptance period of the Offer, and such Shares will be tendered under the Offer during the additional acceptance period on behalf and on the account of the Company Board members.

(c) From the date of this Agreement until the earlier of the settlement of the Offer or the date on which the Bidder or the Offeror has terminated the Offer, the Company shall not, and shall procure that none of its Subsidiaries will, issue any Shares or grant any awards to any Company Board members. To the extent not yet paid, the members of the Company Board shall be compensated for the current term of office (on a pro rata basis if applicable) solely in cash, and no blocked Shares shall be issued or otherwise delivered to the Company Board members as from the date of this Agreement.

## 7. Going Private

(a) The Company acknowledges that the Bidder currently contemplates that, following the settlement of the Offer, depending on the acceptance rate, any remaining minority shareholders of the Company shall be excluded and indemnified by any legal means available, including by way of a squeeze-out in accordance with article 137 FMIA and the respective implementing ordinance or a squeeze-out merger in accordance with the Swiss Merger Act (as the case may be), and that the Shares shall be de-listed from the SIX.

(b) Without limiting the generality of Section 3.2(c), following the settlement of the Offer, the Company shall, and shall procure that its Subsidiaries will, support any such action proposed by the Bidder or the Offeror in order for the Offeror to achieve control of 100% of the Shares of the Company, to request relief from SIX from its disclosure and publicity duties under the Listing Rules as available at the relevant time, to de-list the Shares from the SIX, and to prepare and facilitate the combination and integration of the Target Group with and into the Bidder Group.

**8. Protection of Company Board and Executive Leadership Team**

Subject to the settlement of the Offer, the Bidder agrees to procure that the Offeror, the Company and each of their respective Affiliates refrain from making and enforcing any claim against any current member of the Company Board or the Executive Leadership Team for damages that the Company has or may have suffered based on directors' or officers' liability arising out of any event, change, fact or occurrence occurring on or before the date of this Agreement, except that the foregoing shall not apply in relation to any wilful, fraudulent or grossly negligent acts or breach of fiduciary duty or omissions of any such member of the Company Board or the Executive Leadership Team. The Offeror further undertakes to procure that any current member of the Company Board or the Executive Leadership Team shall be granted unconditional discharge at the next annual general meeting of shareholders of the Company.

**9. Costs and Expenses**

(a) Except as expressly provided otherwise herein, each Party shall bear its own costs and expenses (including advisory fees) incurred in the negotiation, preparation and completion of this Agreement and in connection with the Offer.

(b) The Company agrees to pay to the Bidder or, at the election of the Bidder, to the Offeror or any other Affiliate of the Bidder an amount of CHF 50 million (the **Reimbursement Amount**) as lump sum reimbursement of costs that the Bidder, the Offeror and their respective Representatives have incurred or will incur for preparing and making the Offer,

(i) if (A) the Offer is not successful (*nicht zustande gekommen*) or (B) the Offer has not become unconditional and is no longer required by the TOB to remain open or (C) this Agreement is terminated, in each case for a reason attributable to:

(1) a material breach by the Company of this Agreement or of any of its representations or warranties; or

(2) a material breach by the Company of any Legal Requirements in connection with the Offer; or

(ii) (1) if the Company Board fails to unanimously recommend the Offer to the shareholders of the Company as contemplated in this Agreement; (2) if the Company Board or any committee thereof withdraws, modifies or qualifies its unanimous recommendation of the Offer; (3) if the Company or any other Person on behalf of the Company recommends, approves or enters into an agreement or arrangement with a third party for a Restricted Transaction (including a Superior Transaction); or (4) in each case of (1), (2) or (3), if the Company or the Company Board makes an announcement to that effect; or

(iii) if a competing offer has been declared successful.

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For the avoidance of doubt, no Reimbursement Amount shall be payable if the Offer is declared successful and the settlement of the Offer occurs.

(c) The cost reimbursement obligation pursuant to Section 9(b) shall become due and payable by the Company at the later of the fifth (5th) Trading Day after (i) any of the events contemplated under Section 9(b) has occurred and (ii) the point in time the Offer can no longer be declared successful or become unconditional.

(d) The right to request specific performance and claim damages beyond the Reimbursement Amount shall be preserved.

**10. Press Releases and Confidentiality**

(a) Following the date of this Agreement, any press release issued by a Party or any of its Subsidiaries or its or their Representatives in relation to the Offer shall only be published after a draft of such press release has been provided to the Company (in case of a press release by the Bidder or any of its Subsidiaries or its or their Representatives) or the Bidder and the Offeror (in case of a press release by the Company or any of its Subsidiaries or its or their Representatives). Nothing in this Agreement shall restrict or prohibit:

(i) any announcement or disclosure required by Legal Requirements; or

(ii) any disclosure to any Representatives who are required to receive such information to carry out their duties (conditional upon any such Person agreeing to keep such information confidential for so long as the disclosing Party is obligated to do so).

(b) The confidentiality agreement between the Company and Liberty Global Europe Limited dated as of August 3, 2020 (the **Confidentiality Agreement**), and all rights and obligations thereunder are hereby terminated.

(c) Subject to Section 10(d) from the date of this Agreement until the earlier of the settlement of the Offer or twenty-four (24) months from the date of this Agreement, each Party shall, and shall procure that its Affiliates and its and their Representatives will, except with prior written consent of the respective other Party:

(i) keep Confidential Information and any part thereof in strict confidence and not disclose the same to any Person other than to those of its Representatives who need to know the same for the purposes of, or as set forth in, this Agreement and the Offer (including its financing) and who are bound, by law, agreement or otherwise, by appropriate confidentiality obligations and have been made aware of the terms of this Section 10(c); and

(ii) not use Confidential Information or any part thereof for any purpose other than for the purposes of, or as set forth in, this Agreement and the Offer (including its financing).

(d) Nothing in this Agreement shall preclude either Party from, or restrict either Party in, disclosing any Evaluation Information or any Transaction Information to any Person (whether publicly or not) in compliance with its obligations under applicable laws and regulations or upon request from any competent governmental authority, stock exchange or other regulatory body; provided that, if a Party elects to make any such disclosure, it shall, if reasonably practicable and lawfully permitted and possible under applicable laws and regulations, inform and, as regards timing, content and other details of such disclosure, consult with the other Party as early as possible prior to making any such disclosure; and further provided that either Party shall make any such disclosure only to the extent to which and in the form and manner in which it is obliged under applicable laws and regulations or has been requested by a competent governmental authority, stock exchange or other regulatory body.

(e) If this Agreement is terminated pursuant to Section 11(a) and upon a Party's subsequent request the other Party shall, and shall procure that all other Receiving Parties will, promptly destroy all Confidential Information and confirm to the requesting Party in writing compliance with this Section 10(e). The obligation to return or destroy Confidential Information shall not apply to (i) computer records and files which have been created pursuant to automatic electronic archiving, IT back-up or internal disaster recovery procedures, or (ii) any Confidential Information that is included or has been filed in the minutes or other records of the board of directors or management committees of the other Party (or any of its respective Affiliates), or (iii) any Confidential Information which a Receiving Party is required to retain in order to comply with applicable laws or regulations. Such retained Confidential Information shall be held in confidence in accordance with Section 10(c) and Section 10(d).

## 11. Termination

(a) This Agreement may be terminated with immediate effect by giving notice in writing to the other Party:

(i) by either Party, if (1) the Offer has not become unconditional and (2) the TOB no longer requires the Offer to remain open;

(ii) by either Party, if (1) the Offeror publicly declares that the Offer will not be further pursued or has failed or otherwise withdraws from launching, continuing or settling the Offer and (2) the TOB permits the Offer not to be launched, no longer to remain open or not to be settled and (3) the Party seeking to terminate is not in breach of any provision under this Agreement that causes any such non-pursuance, failure or withdrawal;

(iii) by either Party, if the other Party (1) materially breaches its obligations or its representations or warranties under this Agreement and (2) has failed to fully remedy such breach within ten (10) Trading Days after such breach;

(iv) by the Bidder, if the Company or any Person acting on behalf of the Company enters into an agreement or arrangement with any Person regarding a Restricted Transaction (including a Superior Transaction) or makes an announcement to that effect;

(v) by the Bidder, if a competing offer has an acceptance rate of more than 10% of the Shares;

(vi) by the Bidder, if the Company Board or any committee thereof (1) fails to unanimously recommend the Offer to the shareholders of the Company as contemplated in this Agreement or (2) withdraws, modifies or qualifies its unanimous recommendation of the Offer or makes an announcement to that effect or (3) approves or recommends a Restricted Transaction (including a Superior Transaction) or makes an announcement to that effect;

(vii) by the Company, if (1) the Company Board withdraws, modifies or qualifies its unanimous recommendation of the Offer in accordance with Section 3.4(d) and 3.4(e) and (2) the Offeror has the right to withdraw the Offer under Swiss Legal Requirements without any further obligations or liability and (3) the Company concurrently with such termination enters into a definitive agreement for a Superior Transaction and (4) the Company concurrently with such termination pays the Bidder the Reimbursement Amount in accordance with Section 9(b).

(b) If this Agreement is terminated pursuant to Section 11(a), such termination shall be without liability of any Party to the other Party, except that (i) any obligations set forth in Sections 9(b) and 9(c) shall continue to exist, (ii) if such termination results from the breach by any Party of its obligations under this Agreement, such Party shall be fully liable for all damages suffered by the other Party, including for costs and expenses incurred that become futile as a result, and (iii) such termination shall be without prejudice to the liability of either Party for a breach of this Agreement prior to such termination.

(c) If this Agreement is terminated pursuant to Section 11(a), all provisions of this Agreement shall cease to be effective, except as set forth in Section 9 (*Costs and Expenses*), Section 10(b) through Section 10(e) (*Confidentiality*), this Section 11 (*Termination*) and Section 12 (*General Provisions*).

## 12. General Provisions

### 12.1 Notices

(a) All notices or other communications to be given under or in connection with this Agreement shall be in writing and delivered by hand or sent (postage prepaid) by registered, certified or express mail (return receipt requested) overnight courier or e-mail (provided that e-mail notice is also served in physical hard copy delivered to the relevant address (in which case notice shall be deemed to be duly given by the relevant e-mail and not the physical hard copy) as follows:

| | |
|---|---|
| if to the Bidder or the Offeror: | Liberty Global plc<br>Attn. Andrea Salvato, Bryan Hall, Jeremy Evans<br>Griffin House<br>161 Hammersmith Road<br>London W6 8BS<br>United Kingdom<br><br>E-mail: asalvato@libertyglobal.com<br>bhall@libertyglobal.com<br>jevans@libertyglobal.com<br>legalUS@libertyglobal.com |
| with a copy to | Homburger AG<br>Attn: Dr. Daniel Daeniker, Dr. Daniel Hasler<br>Prime Tower<br>Hardstrasse 201<br>8005 Zurich<br>Switzerland<br><br>Phone: + 41 43 222 10 00<br>Fax: +41 43 222 15 00<br><br>E-mail: daniel.daeniker@homburger.ch<br>daniel.hasler@homburger.ch |
| if to the Company: | Sunrise Communications Group AG<br>Attn. André Krause, Uwe Schiller, Marcel Huber<br>Thurgauerstrasse 101B<br>8152 Glattpark (Opfikon)<br>Switzerland<br><br>E-mail: andre.krause@sunrise.net;<br>uwe.schiller@sunrise.net<br>marcel.huber@sunrise.net |
| with a copy to | Lenz & Staehelin<br>Attn. Hans-Jakob Diem, Simone Ehrsam<br>Brandschenkestrasse 24<br>8027 Zurich<br><br>Phone: + 41 58 450 80 00<br>Fax: +41 58 450 80 01<br><br>E-mail: hans-jakob.diem@lenzstaehelin.com<br>simone.ehrsam@lenzstaehelin.com |

Any notice to be given hereunder shall be given prior to the expiry of a term or deadline (if any) set forth in this Agreement or by applicable Legal Requirements. Any notice to be given hereunder shall be effective only if it was (i) timely and duly given in accordance with this Section 12.1(a) and (ii) actually received by the Party to whom it is addressed, irrespective of whether such notice was received prior to or after the expiry of the respective term or deadline (if any).

(b) Notwithstanding the foregoing, any certificate that has to be issued hereunder confirming the satisfaction of Offer Conditions, has to be issued and sent so that it is received by the Bidder and the Offeror by 10a.m. Swiss time on the relevant date stated in this Agreement.

### 12.2 Entire Agreement

This Agreement constitutes the entire agreement and understanding among the Parties with respect to the subject matter hereof, and shall, save as expressly provided otherwise herein, supersede all prior oral and written agreements or understandings of the Parties relating hereto.

### 12.3 Amendments and Waivers

This Agreement may only be modified or amended by a document signed by all Parties. Any provision contained in this Agreement may only be waived by a document signed by the Party waiving such provision.

### 12.4 Effect on Third Parties | No Assignment

(a) Subject to Section 12.4(c), no Person other than the Parties shall have any rights, benefits or remedies under this Agreement, and nothing in this Agreement is intended to confer on any Person other than the Parties any rights, benefits or remedies.

(b) Subject to Section 12.4(c), neither Party shall transfer or assign this Agreement or any of its rights or obligations hereunder to any Person without the prior written consent of the other Party. Any attempted assignment in violation of this Section 12.4(b) shall be deemed void.

(c) The rights, benefits and remedies of the Offeror under this Agreement shall become directly enforceable rights of the Offeror automatically upon the submission of the Offer by the Offeror. Further, the Bidder may transfer and assign this Agreement and any of its rights and obligations hereunder to the Offeror or any of the Bidder's other Affiliates.

### 12.5 Severability

Should any part or provision of this Agreement or the application of any such part or provision to any Person or circumstance be held to be invalid, illegal or unenforceable in any respect by any Governmental Entity or arbitral tribunal having jurisdiction, the other provisions of this Agreement or the application of such part or provision to any other persons or circumstances shall nonetheless remain valid. In this case, the Parties shall endeavor to negotiate a substitute provision that best reflects the economic intentions of the Parties without being unenforceable, and shall execute all agreements and documents required for its implementation.

### 12.6 Interpretative Provisions

The words "hereof", "herein" and "hereunder," and words of similar import, when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section and Annex references are to this Agreement unless otherwise specified. The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms. All Annexes annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement, as if set forth in full herein. Any capitalized term used in any Annex hereto, but not defined therein, shall have the meaning ascribed to it in this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." References to "or" shall be deemed to be disjunctive but not necessarily exclusive (*i.e.*, unless the context dictates otherwise, "or" shall be interpreted to mean "and|or" rather than "either|or")

### 12.7 Governing Law

This Agreement shall be exclusively governed by and construed in accordance with the substantive laws of Switzerland, excluding its conflict of laws principles and excluding the UN Convention on Contracts for the International Sale of Goods.

### 12.8 Dispute Resolution

Any dispute, controversy or claim arising out of or in relation to this Agreement, including the validity, invalidity, breach or termination thereof, shall be resolved by arbitration in accordance with the Swiss Rules of International Arbitration of the Swiss Chambers of Commerce in force on the date when the Notice of Arbitration (as defined therein) is submitted in accordance with these rules. The number of arbitrators shall be three, and the seat of the arbitration shall be in Zurich (Switzerland). In the case of several claimants and|or respondents, the claimants and|or respondents shall, on each side, together designate one arbitrator. The two arbitrators appointed by the parties shall designate within ten (10) Business Days the chairperson of the arbitral tribunal. In case of default of the respondent or if the two arbitrators appointed by the parties fail to designate a chairperson, the chairperson shall be designated by the President of the Zurich Chamber of Commerce. The arbitral proceedings shall be conducted in English, and evidentiary documents in a language other than English must be submitted accompanied by an English translation.

[*signatures on the next page*]

So entered into as of the date written on the cover page of this Agreement.

**Liberty Global plc**

[AUTHORIZED SIGNATORY]

Name: [AUTHORIZED SIGNATORY]

Function:

**Sunrise Communications Group AG**

[AUTHORIZED SIGNATORY]

Name: [AUTHORIZED SIGNATORY]

Function:

[AUTHORIZED SIGNATORY]

Name: [AUTHORIZED SIGNATORY]

Function:

Agreed and accepted with regard to Section 10(b):

**Liberty Global Europe Limited**

[AUTHORIZED SIGNATORY]

Name: [AUTHORIZED SIGNATORY]

Function:

## Annex 1: Definitions

## A. Terms Defined elsewhere in the Agreement

The following terms are defined on the following pages of this Agreement:

## B. Other Definitions

As used in this Agreement in capitalized form, the following terms shall have the following meaning:

**Action** means any action, claim, complaint, reclamation or objection of any Person or any order, injunction, judgment, fine, action, claim, complaint, reclamation, objection, arbitration, subpoena investigation, inquiry or proceeding by or before any Governmental Entity, grand jury or arbitration tribunal.

**Affiliate** means a Person that exercises Control over a second Person, or is under Control by it, or is under common Control by the same Person.

**Agreement** means this transaction agreement, including all of its annexes.

**Alternative Transaction Proposal** means a *bona fide*, unsolicited proposal in writing to acquire all or at least 66 2/3% of the Shares or all or substantially all of the consolidated assets of the Company and its Subsidiaries.

**Annex** means any annex to this Agreement.

**Articles of Association** means the articles of association of the Company in effect from time to time.

**Bidder Group** means the Bidder and all of its direct and indirect Subsidiaries, including the Offeror.

**Business Association** means a general or limited partnership, a corporation, a business trust, a limited liability company, a trust, an unincorporated organization doing business, a government or any department or agency thereof, a joint venture or any other person or entity doing business.

**CHF** means Swiss Francs, the lawful currency of Switzerland.

**CO** means the Swiss Code of Obligations, as amended.

**Company Board** means the board of directors of the Company.

**Competing Offer** means a binding offer in writing to acquire all or at least 66 2/3% of the Shares or all or substantially all of the consolidated assets of the Company and its Subsidiaries, which is fully and bindingly financed or, to the extent that consideration in the form of listed shares is contemplated, subject only to such approvals by shareholders, Governmental Entities or a stock exchange as are required under Legal Requirements or applicable stock exchange regulations for the issuance and listing of such shares.

**Confidential Information** means any non-public information, whether in written, electronic or oral form, relating to a Party, its Affiliates and its and their business and affairs, to the extent disclosed to the other Party, its Affilates or its or their Representatives prior to, on or after the date of this Agreement (each a **Receiving Party**), except such information as (i) is in the public domain at the date of this Agreement or subsequently enters the public domain other than by a breach of this Agreement, (ii) is known to any Receiving Party prior to its disclosure pursuant to this Agreement or which subsequently becomes known to any Receiving Party other than from a Person that is known, following reasonable enquiry by the Bidder (if the Bidder is among the Receiving Parties) or the Company (if the Company is among the Receiving Parties) to be subject to a duty of confidentiality to the respective other Party or one of its Affiliates or any of its or their Representatives involved in the Transaction; or (iii) is independently developed by a Receiving Party without the use of any Confidential Information.

**Control** is deemed to exist if a Person or Business Association (either alone or with its Affiliates) owns more than half of the voting rights or equity capital of a Business Association, or is otherwise able to exercise a controlling influence over another Person or Business Association.

**Designated Individual** means any of the following individuals: Andrea Salvato, Sajjad Vakilian, Johannes Edwin van Putten, Jeremy Evans, Giles Rowbotham or such other person(s) as shall be notified to Seller in accordance with Section 12.1(a).

**FMIA** means the Swiss Financial Market Infrastructure Act of June 19, 2015, as amended.

**Governmental Entity** means any foreign, domestic, federal, territorial, state or local governmental authority, quasi-governmental authority, instrumentality, court, government or self-regulatory organization, commission, tribunal or organization or any regulatory, administrative or other authority, body or agency, or any political or other subdivision, department or branch of any of the foregoing which has or claims to have competent jurisdiction over the relevant Persons or its business, property, assets or operations.

**Intellectual Property Rights** means all Swiss and foreign intellectual property, including rights arising from or in respect of the following: (i) inventions, concepts and discoveries (whether patentable or unpatentable), (ii) all claims contained in patent applications and issued or granted patents, including continuations, continuations-in-part, divisionals, provisionals and renewals, and letters of patent granted with respect to any of the foregoing, patents of addition, supplementary protection certificates, registration or confirmation patents and all reissues, re-examinations and extensions thereof and any patent restoration or extension period granted by a Governmental Entity, including compensation for patent term lost during the trial or regulatory approval process; (iii) technology; (iv) works of authorship, copyrights, copyright registrations and applications therefor and all other rights corresponding thereto, including moral rights; (v) industrial designs and any registrations and applications therefor; (vi) confidential and proprietary information, including trade secrets, know-how, invention rights, database rights, business plans and other technical information; (vii) mask works, mask work registrations and applications therefor, and all other rights corresponding thereto; (viii) rights of privacy and publicity; (ix) trade names, logos, common-law and other trademarks and service marks, trademark and service-mark registrations and applications therefor and all goodwill associated therewith; (x) rights in World Wide Web addresses, URLs and domain names and applications and registrations therefor; and (xi) any corresponding or equivalent rights to any of the foregoing.

**Legal Requirement** means any applicable law, statute, rule, regulation, ordinance, code or any judgment, order, writ, injunction, decree, decision or other requirement of any Governmental Entity.

**Lien** means any lien, charge, encumbrance, or security interest, including interests arising from options, pledges, mortgages, indentures, security agreements, rights of first refusal or rights of pre-emption, irrespective of whether such Lien arises under any agreement, covenant, other instrument or the operation of Legal Requirements, and shall also mean any approval or consent required from a third Person to the exercise or full vesting of a right or title.

**Listing Rules** means the Listing Rules of the SIX, as amended.

**Executive Leadership Team** means the executive leadership team of the Company.

**Party** means the Bidder or the Company, and **Parties** means the Bidder and the Company together.

**Person** means any natural person or any Business Association.

**Properly Determined** means that the Company Board has determined a matter in good faith, by majority vote in accordance with the Articles of Association and organizational regulations of the Company, following receipt of advice of outside counsel and its financial advisors and after giving the Bidder or the Offeror and their legal counsel the opportunity to present their view on the matter.

**Proposing Party** means any Person who submits an Alternative Transaction Proposal or a Competing Offer.

**Representatives** means any director, officer, employee, agent or advisor (including financial advisors, legal counsel and accountants) of, or providers of debt or equity financing to, any of the Parties or the Offeror, as applicable or, where relevant, their Affiliates' directors, officers, employees, agents and advisors.

**Restricted Transaction** means any transaction involving an acquisition, sale, transfer or other disposal, or the creation of an obligation for an acquisition, sale, transfer or other disposal (including by use of derivatives, financial instruments or other rights) of Shares or other securities of the Company or of any of the Company's or its Subsidiaries' material assets (including shares or other securities of the Company's Subsidiaries) or businesses, whether directly or indirectly, through a public offer, purchase, issuance, sale, transfer or other disposal or through merger, demerger, spin-off, transfer of assets or liabilities or otherwise, or any other transaction (including relating to Intellectual Property Rights) which may compete with, or impair, hinder or delay the settlement of the Offer or impair its success or which may substantially change the businesses, assets, liabilities, financial position, revenues or prospects of the Target Group or impair the value of the Shares for the Bidder or the Offeror, or limit the Bidder's or the Offeror's ability to acquire 100% of the Shares.

**Section** means any section of this Agreement.

**Subsidiary** means a Person that is under direct or indirect Control by a second Person.

**Swiss Merger Act** means the Swiss Federal Act on Merger, Demerger, Transformation and Transfer of Assets of October 3, 2003, as amended.

**Target Group** means the Company and all of its direct and indirect Subsidiaries.

**Takeover Ordinance** means the Ordinance of the TOB on Public Takeover Offers *(Übernahmeverordnung)* of August 21, 2008, as amended.

**Taxes** means all tax liabilities, including without limitation income taxes (personal or corporate), capital taxes, stamp duties (both on the issuance and on the transfer or securities), withholding taxes, value added taxes, real estate gains taxes, real estate transfer taxes, property and land taxes, business taxes, customs duties, social security contributions or payments of equivalent nature and all other taxes, duties, levies or imposts payable to any competent Governmental Entity in any jurisdiction, as well as any related interest, penalties, costs and expenses and including any tax sharing agreements and similar contractual obligations to indemnify or pay for any Tax liability of any other person.

**Trading Days** means the days on which Shares are traded on the SIX.

**Treasury Shares** means all Shares which are held by or on account of a member of the Target Group.

## Annex 2.2(a): Draft Pre-Announcement

[*separate document*]

## Annex 3.5: Draft Press Releases

[*separate documents*]

## Annex 3.9(b): Form of Tender Undertaking

**[Name & address of Company Director | Member of Executive Leadership Team]**

To:

**Liberty Global plc**

Griffin House, 161 Hammersmith Road,

London W6 8BS

United Kingdom

[Date]

## Tender Undertaking

Dear Sir or Madam:

**[**Shareholder**]** (the **Shareholder**) understands that Liberty Global plc (the **Bidder**) or one or several of its direct or indirect subsidiaries (Liberty Global plc or such subsidiary or subsidiaries, the **Offeror**) has published the pre-announcement for a public tender offer (the **Offer**) for all publicly held registered shares of Sunrise Communications Group AG (the **Company**) with a nominal value of CHF 1.00 each (each, a **Share**) for an offer price of CHF [■] per Share (the **Offer Price**). The Shareholder agrees to the undertakings set forth in this tender undertaking (the **Tender Undertaking**) for the benefit of the Bidder and the Offeror.

**1. Undertakings of the Shareholder**

(a) Subject to the Offeror submitting the Offer at the Offer Price, the Shareholder hereby unconditionally and irrevocably agrees to tender, within the main offer period (*Hauptangebotsfrist*), all Shares currently owned by the Shareholder, being [■] Shares (collectively, the **Owned Shares**), into the Offer, and not to withdraw his|her acceptance of the Offer and the Owned Shares from the Offer, respectively, unless and until this Tender Undertaking is terminated in accordance with Clause 3.

(b) Subject to the Offeror submitting the Offer at the Offer Price, the Shareholder hereby unconditionally and irrevocably covenants to the Bidder that during the term of this Tender Undertaking he|she shall not, except as contemplated by this Tender Undertaking, directly or indirectly:

(i) sell, transfer to any person or otherwise dispose of or in any way encumber any of the Owned Shares or any interest therein (subject, however, to any liens as may be or have been imposed by custody banks on any deposited Owned Shares);

(ii) accept any offer, or enter into any agreement, arrangement or obligation to accept any offer, in respect of any of the Owned Shares;

(iii) grant any proxies or powers of attorney, deposit any of the Owned Shares into a voting trust or enter into any voting agreement, arrangement or obligation in respect of any of the Owned Shares that would affect the ability of the Shareholder to comply with his|her obligations under this Tender Undertaking;

(iv) request that the Company registers the transfer of any of the Owned Shares in the company's share register, unless such transfer is made in compliance with this Tender Undertaking; or

(v) take any action or enter into any agreement, arrangement or obligation that would make any representation or warranty of the Shareholder contained herein untrue or incorrect in any respect or that would result in a breach by the Shareholder of any of his|her obligations under this Tender Undertaking.

(c) The Bidder and the Shareholder do not expect that the Shareholder will be deemed to be acting in concert with the Bidder, the Company and their respective affiliates with respect to the Offer in accordance with article 11 of the Takeover Ordinance. However, as a matter of precaution, the Shareholder agrees to comply with the obligations set forth in article 12(1) of the Takeover Ordinance, including the best price rule pursuant to article 12(1)(b) and article 10 of the Takeover Ordinance, at all times from the execution of this Tender Undertaking until and including the earlier of (i) the date falling six months after the end of the additional acceptance period of the Offer and (ii) the date on which this Tender Undertaking is terminated pursuant to Section 3. Without limitation to the generality of the foregoing, the Shareholder shall not, and shall procure that no person on his|her behalf will, acquire, or agree to acquire, any Shares or other equity securities of the Company or any financial instruments or rights relating, in any manner whatsoever, to Shares or other equity securities of the Company (including, for the avoidance of doubt, financial instruments or rights providing for a cash settlement only).

## 2. Representations and Warranties

The Shareholder hereby represents and warrants that:

(a) this Tender Undertaking has been duly executed by the Shareholder;

(b) the execution and performance by the Shareholder of this Tender Undertaking and the con-summation of the transactions contemplated hereby do not violate any agreement to which the Shareholder is a party;

(c) the Shareholder is the sole legal and beneficial owner of the Owned Shares, free and clear of any liens and encumbrances (except for liens that may be or have been imposed by custody banks on any of the deposited Owned Shares); and

(d) the Shareholder has the sole and unrestricted voting power and power of disposition with respect to the Owned Shares (subject to restrictions under matrimonial laws and other restrictions imposed by law, if any), and none of the Owned Shares are subject to any proxy, power of attorney, voting trust or other agreement, arrangement or obligation relating to their voting.

## 3. Termination

Without prejudice to the liability for any breach of this Tender Undertaking prior to its termination:

(a) this Tender Undertaking shall automatically terminate with immediate effect if the Offeror announces that the Offer has failed or is not further pursued; and

(b) the Shareholder shall have the right to withdraw his acceptance of the Offer with regard to the Owned Shares and to terminate this Tender Undertaking with immediate effect if a competing public tender offer has been announced by a third party in accordance with article 50(1) Takeover Ordinance.

## 4. General Provisions

(a) This Tender Undertaking constitutes the entire agreement and understanding between the Shareholder and the Bidder with respect to the subject matter hereof, and supersedes all prior oral or written agreements and understandings of the Shareholder and the Bidder relating to such subject matter. This Tender Undertaking may only be modified or amended by a document signed by the Shareholder and the Bidder. Compliance with any term or provision contained in this Tender Undertaking by the party that was or is obligated to comply or perform with such term or provision may only be waived by a document signed by the party waiving such compliance.

(b) If any part or provision of this Tender Undertaking or the application of any such part or provision to any person or circumstance shall be held to be invalid, illegal or unenforceable in any respect by any competent arbitral tribunal, court, governmental or administrative authority, (i) such invalidity, illegality or unenforceability shall not affect any other part or provision of this Tender Undertaking or the application of such part or provision to any other persons or circumstances, and (ii) the Shareholder and the Bidder shall endeavor to negotiate a substitute provision that best reflects the economic intentions of the invalid, illegal or unenforceable part or provision without being invalid, illegal or unenforceable, and shall execute all agreements and documents required for its implementation.

(c) The Bidder may transfer and assign this Agreement and any of its rights and obligations hereunder to the Offeror or any of the Bidder's other Affiliates. Subject to the foregoing, neither the Shareholder nor the Bidder shall transfer or assign this Tender Undertaking or any of their rights or obligations hereunder to any person without the prior written consent of the other party, and any such attempted transfer or assignment in violation of this Clause 4(c) shall be void.

(d) The representations, warranties and undertakings of the Shareholder in this Tender Undertaking shall become directly enforceable rights of the Offeror automatically upon the submission of the Offer by the Offeror. Subject to the foregoing, no person other than the Shareholder and the Bidder shall have any rights or benefits under this Tender Undertaking, and nothing in this Tender Undertaking is intended to confer on any person other than the Shareholder and the Bidder any rights, benefits or remedies.

(e) All notices or other communications to be given under or in connection with this Tender Under-taking shall be in writing and delivered by hand or sent (postage prepaid) by registered, certified or express mail (return receipt requested), overnight courier or e-mail (provided that e-mail notice is also served in physical hard copy delivered to the relevant address (in which case notice shall be deemed to be duly given by the relevant e-mail and not the physical hard copy) as follows:

| | |
|---|---|
| if to the Shareholder: | [■] |
| if to the Bidder: | [■] |
| with a copy to | Homburger AG<br>Attn: Dr. Daniel Daeniker, Dr. Daniel Hasler<br>Prime Tower<br>Hardstrasse 201<br>8005 Zurich<br>Switzerland<br><br>Phone: + 41 43 222 10 00<br>Fax: +41 43 222 15 00<br><br>E-mail: daniel.daeniker@homburger.ch<br>daniel.hasler@homburger.ch |

Any notice to be given hereunder shall be deemed to have been duly given, if given prior to the expiry of a term or deadline set forth in this Tender Undertaking (if any).

(f) The Shareholder hereby consents to the inclusion of information relating to this Tender Undertaking, its existence and its contents in the Offer prospectus and any other Offer-related documents, including press releases and public announcements related to the Offer, and the provision of such information to the Swiss Takeover Board, any other competent authority and the review body of the offer. The Shareholder shall not disclose, without the prior written (e-mail permitted) consent of the Offeror, to any person this Tender Undertaking or its contents or publish any press release or make any public announcement in respect of this Tender Undertaking or the transactions contemplated by this Tender Undertaking, unless and to the extent (i) any such disclosure, press release or public announcement is required under applicable laws or stock exchange regulations or ordered by any competent judicial or regulatory authority or by any competent stock exchange (in which case the parties shall, to the extent practicable and permissible, consult with each other prior to any such disclosure) or (ii) the Tender Undertaking or its contents have become public other than through a breach of the obligations hereunder.

(g) Except as expressly provided otherwise in the Offer prospectus, each party shall bear any and all costs, expenses and taxes incurred by it in connection with this Tender Undertaking and the transactions contemplated hereby, whether or not consummated.

(h) The Shareholder will, from time to time, execute and deliver, or cause to be executed and delivered, such additional or further transfers, assignments, endorsements, consents and other instruments as the Offeror may reasonably request for the purpose of effectively carrying out and consummating the transactions contemplated by this Tender Undertaking.

(i) This Tender Undertaking shall be exclusively governed by and construed in accordance with the substantive laws of Switzerland, excluding its conflict of laws principles and excluding the UN Convention on Contracts for the International Sale of Goods.

(j) Any dispute, controversy or claim arising under, out of or in relation to this letter, including the validity, invalidity, breach or termination thereof, shall be resolved by arbitration in accordance with the Swiss Rules of International Arbitration of the Swiss Chambers of Commerce as in force on the date on which Notice of Arbitration (as defined therein) is submitted in accordance with these rules. The number of arbitrators shall be three, and the seat of the arbitration shall be in Zurich (Switzerland). In the case of several claimants and|or respondents, the claimants and|or respondents shall, on each side, together designate one arbitrator. The two arbitrators appointed by the parties shall designate within 10 (ten) business days (*i.e.,* days other than Saturdays or Sundays on which banks are generally open for doing commercial business in Zurich) the chairperson of the arbitral tribunal. In case of default of the respondent or if the two arbitrators appointed by the parties fail to designate a chairperson, the chairperson shall be designated by the President of the Zurich Chamber of Commerce. The arbitral proceedings shall be conducted in English, and evidentiary documents in a language other than English must be submitted accompanied by an English translation.

If you agree with the terms of this Tender Undertaking, please execute and return the enclosed du-plicate.

Yours faithfully,

**Shareholder**

__________________________________
[name]

**Acknowledged and agreed:**

Place, Date: ________________________________
Liberty Global plc

__________________________________
[name]
[function]

## Annex 4.5(a): Form of Resignation Declaration

To the Board of Directors and the Extraordinary General Meeting of Shareholders of Sunrise Communications Group AG

Ladies and Gentlemen:

Subject to the condition that the Offer (as defined in the Transaction Agreement, dated as of August 12, 2020, by and among Liberty Global plc and Sunrise Communications Group AG) will be settled and the Offeror will hold more than 50% of the Shares immediately after the settlement of the Offer, I hereby declare my resignation as a member of the board of directors of Sunrise Communications Group AG and the board of directors (or equivalent corporate body) of any of Sunrise Communications Group AG's subsidiaries and from all committees of the boards of directors (or equivalent corporate bodies) of Sunrise Communications Group AG and its subsidiaries on which I serve with effect as of the settlement date of the Offer, and I hereby confirm and acknowledge that upon receipt of the board compensation for the period starting on April 8, 2020 and ending on the settlement date of the Offer, I (and my affiliates, partners, heirs, beneficiaries, successors and assigns, if any) will have no claims or rights of any kind, including remuneration rights, left against or vis-à-vis Sunrise Communications Group AG or any of its affiliates out of or in connection with my office as a member of the boards of directors (or equivalent corporate bodies) from which I resign by virtue of this letter. To the extent that any such claims or rights exist or may exist, I (for myself and for my affiliates, partners, heirs, beneficiaries, successors and assigns, if any) hereby unconditionally and irrevocably waive any such claims and rights and hereby unconditionally, irrevocably and forever release and discharge Sunrise Communications Group AG and any of its affiliates from any and all liability in respect thereof.

Yours sincerely,

Place and date: _________________________

_________________________
Name:

## Annex 5(a): Representations and Warranties of the Company

Where any of the below statements is qualified by the expression "to the best of the knowledge" or any similar expression, the Company shall be deemed to have knowledge of anything of which any member of the Company Board or of the Executive Leadership Team has knowledge, or ought reasonably to have knowledge given their particular position and responsibilities, and having made reasonable enquiry of the relevant employees of the Target Group with responsibility for the subject matter of the statement.

(a) **Capacity and Authority:** The Company has the full corporate capacity, power and authority, duly authorized by all requisite corporate actions, to enter into this Agreement and any transactions contemplated hereunder and to perform its respective obligations.

(b) **Due Execution and Validity:** This Agreement has been duly executed by the Company and constitutes legal, valid and binding obligations of the Company, enforceable against the Company in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally. The statements in Section 3.1 are true and correct and the Company Board's resolutions that Section 3.1 refers to have been duly resolved in a duly convened meeting, have not been amended and are in full force and effect.

(c) **No Violations:** The execution and performance by the Company of this Agreement and the consummation of the transactions contemplated under this Agreement do not and will not (i) violate or conflict in any respect with any provision of the Articles of Association or the organizational regulations of the Company or (ii) violate or conflict with any Legal Requirement applicable to the Company or any of its Subsidiaries or by which any of their properties or assets may be bound.

(d) **No Actions**: There are no Actions pending or, to the Company's best knowledge, threatened against the Company or any of its Subsidiaries challenging the validity of this Agreement or any transactions contemplated by this Agreement or which would hinder the consummation of the Offer or the transactions contemplated by this Agreement.

(e) **Shares:** The share capital of the Company is structured as set forth in Recital A and the information set forth in Recital A is true, correct and complete. All 45,265,446 Shares have been validly issued, fully paid, are non-assessable and constitute all of the Shares in the Company. Other than as set forth in Recital A, there are no outstanding shares, other equity or equity-linked securities, options, warrants, calls, rights or commitments, or any other agreements of any character relating to the sale, issuance, voting or the granting of rights to acquire any shares or other equity or equity-linked securities of the Company.

(f) **Shareholdings:** The shareholdings of the Company in its Subsidiaries correspond to the information set forth on page 118 of the Company's Annual Report 2019 (English version) (the **Subsidiary Shares**) and, other than as set forth on page 118 of the Company's Annual Report 2019, the Subsidiaries have no outstanding shares, other equity or equity-linked securities, options, warrants, calls, rights or commitments, or any other agreements of any character relating to the sale, issuance, voting or the granting of rights to acquire any shares or other equity or equity-linked securities. The Company is the sole legal and beneficial owner of the Subsidiary Shares, free and clear of any Liens. All Subsidiary Shares have been validly issued, fully paid, are non-assessable and constitute all of the shares in the Subsidiaries. Neither the Company nor any of its Subsidiaries has undertaken to acquire any shares or other equity or equity-linked securities or other interest or to make any other or further investment, whether directly or indirectly, in any Person.

(g) **Disclosure:** The Company is not in possession of any non-public information that is potentially price-sensitive (as this term is understood in article 53 of the Listing Rules) (other than the management forecast business plan 2020 and the trading update for the second quarter of 2020, which information will cease to be such price-sensitive non-public information upon the

Company's half-year financial results announcement on August 27, 2020), and the Company has not delayed the publication of any potentially price-sensitive information required to be published pursuant to article 53 of the Listing Rules (in each case other than those contemplated by this Agreement, which will be made public in accordance with such rules).

(h) **Absence of Certain Events:** Subsequent to the date of the Consolidated Financial Statements, the Target Group's business has been carried on in the ordinary course consistent with past practice in all material respects, except for any conduct or activities outside the ordinary course or inconsistent with past practice in connection with the COVID-19 pandemic or the transactions contemplated by this Agreement or their announcement.

(i) **Litigation:** Other than as fairly disclosed to the Bidder prior to the date of this Agreement, there is no Action pending or threatened in writing against the Company or any of its Subsidiaries which could reasonably be expected to result in a payment or loss exceeding CHF 5,000,000 each (or in the case of several Actions arising from a common set of allegations, exceeding, taken together, CHF 5,000,000) (each a **Material Action**).

(j) **Material Contracts:** Other than the contracts fairly disclosed to the Bidder prior to the date of this Agreement, none of the contracts, commitments or undertakings relating to the Target Group's businesses to which the Company and|or any of its Subsidiaries is a party and which have a value exceeding CHF 10 million per year or which are critical to the business of the Company or of any of its Subsidiaries contains any provision which refers to a change of control of the Company or any of its Subsidiaries.

**Exhibit 31.1**

# CERTIFICATION

I, Michael T. Fries, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Liberty Global plc;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this quarterly report based on such evaluation; and
    d) Disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2020

/s/ Michael T. Fries

Michael T. Fries
President and Chief Executive Officer

**Exhibit 31.2**

**CERTIFICATION**

I, Charles H.R. Bracken, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Liberty Global plc;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this quarterly report based on such evaluation; and
   d) Disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2020

/s/ Charles H.R. Bracken

Charles H.R. Bracken

Executive Vice President and Chief Financial Officer

**Exhibit 32**

**Certification**
**Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**
**(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)**

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Liberty Global plc (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the period ended September 30, 2020 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company as of September 30, 2020 and December 31, 2019, and for the three and nine months ended September 30, 2020 and 2019.

| | |
|---|---|
| Dated: November 4, 2020 | /s/ Michael T. Fries |
| | Michael T. Fries |
| | President and Chief Executive Officer |

| | |
|---|---|
| Dated: November 4, 2020 | /s/ Charles H.R. Bracken |
| | Charles H.R. Bracken |
| | Executive Vice President and Chief Financial Officer |

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Form 10-Q or as a separate disclosure document.