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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☒ Annual Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

FISCAL YEAR ENDED DECEMBER 31, 2004

or

o Transition Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the transition period from to _____ to _____

Commission File No. 000-496-58

UnitedGlobalCom, Inc.

(Exact name of Registrant as specified in its charter)

State of Delaware
(State or other jurisdiction of
incorporation or organization)

84-1602895
(I.R.S. Employer Identification No.)

4643 South Ulster Street, Suite 1300
Denver, CO 80237

(Address of principle executive offices)

Registrant's telephone number, including area code: **(303) 770-4001**

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities registered pursuant to Section 12(g) of the Act:
Class A Common Stock, par value \$0.01 per share

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes ☒ No ☐

State the aggregate market value of the voting and non-voting common equity held by non-affiliates, computed by reference to the price at which the common equity was last sold, as of the last business day of the registrant's most recently completed second fiscal quarter: \$2.593 billion.

The registrant's outstanding common stock as of March 1, 2005 consisted of:

Class A common stock – 401,673,781	shares of a total authorized of 1,000,000,000
Class B common stock – 10,493,461	shares of a total authorized of 1,000,000,000
Class C common stock – 379,603,223	shares of a total authorized of 400,000,000

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PART I

ITEM 1. BUSINESS

(a) General Development of Business

UnitedGlobalCom, Inc. (together with its subsidiaries the "Company," "UGC," "we," "us," "our" or similar terms) is an international broadband communications provider of video, voice and Internet access services with operations in 16 countries. Our wholly owned subsidiary UGC Europe, Inc. (together with its subsidiaries "UGC Europe"), our largest consolidated operation, is a pan-European broadband communications company, providing video, high-speed Internet access and telephone services through its broadband networks in 13 European countries. UGC Europe's operations are currently organized into two principal divisions – UPC Broadband and chellomedia. UPC Broadband provides video, high-speed Internet access and telephone services to residential customers. chellomedia provides interactive digital products and services, produces and markets thematic channels and owns or manages our investments in various businesses in Europe. Our primary Latin American operation, VTR GlobalCom S.A. ("VTR"), provides video, high-speed Internet access and telephone services primarily to residential customers in Chile. We also have consolidated operations in Brazil and Peru, an approximate 19% interest in SBS Broadcasting S.A. ("SBS"), a European commercial television and radio broadcasting company, an approximate 34% interest in Austar United Communications Ltd. ("Austar United"), a pay-TV provider in Australia, an indirect investment in Telenet Group Holding N.V. ("Telenet"), a broadband communications provider in Belgium, and various other international programming and distribution investments. A more detailed description of our business is included below in Item 1.(c).

Proposed Merger with Liberty Media International and Related Transactions

On January 5, 2004, Liberty Media Corporation, or "LMC," acquired 8,198,016 shares of Class B common stock from our founding stockholders (the "Founders Transaction"). Upon completion of this transaction, the restriction on LMC's right to exercise its voting power over us was terminated. LMC then had the ability to elect our entire board of directors and otherwise to control us.

On May 21, 2004, LMC contributed substantially all of its shares of our common stock and related contract rights to Liberty Media International ("LMI"), which at the time was a wholly-owned subsidiary of LMC. On June 7, 2004, LMC distributed all of the capital stock of LMI to LMC's stockholders in a spin-off. As a result, LMI is now an independent publicly-traded company that owns approximately 53.5% of our common stock, which represents an approximate 91% voting interest in us.

On January 17, 2005, we entered into an agreement and plan of merger with LMI pursuant to which we each will merge with a separate wholly owned subsidiary of a new parent company named Liberty Global, Inc. ("Liberty Global"), which has been formed for this purpose. In the mergers, each outstanding share of LMI Series A common stock and Series B common stock will be exchanged for one share of the corresponding series of Liberty Global common stock. Our stockholders may elect to receive for each share of common stock owned either 0.2155 of a share of Liberty Global Series A common stock (plus cash for any fractional share interest) or \$9.58 in cash. Cash elections will be subject to proration so that the aggregate cash consideration paid to our stockholders does not exceed 20% of the aggregate value of the merger consideration payable to our public stockholders. Completion of the transactions is subject to, among other conditions, approval of both companies' stockholders, including an affirmative

vote of a majority of the voting power of our Class A common stock not beneficially owned by LMI, LMC, any of their respective subsidiaries or any of the executive officers or directors of LMI, LMC, or us. We refer to the mergers and related transactions as the "Liberty Global Transaction."

Other Recent Developments

On December 16, 2004, we acquired LMI's interest in Princes Holdings Limited ("PHL") in exchange for 6,413,991 shares of our Class A common stock. PHL, through its subsidiary, Chorus Communications Limited ("Chorus"), owns and operates broadband communications systems in Ireland. We accounted for this transaction as a reorganization of entities under common control at historical cost, similar to a pooling of interests. Under reorganization accounting, we consolidated the financial position and results of operations of PHL using LMI's historical cost, as if this transaction had been consummated by us as of May 20, 2004 (June 1, 2004 for financial reporting purposes), the date of the original acquisition of PHL by LMI.

On December 16, 2004, chellomedia Belgium I BV and chellomedia Belgium II BV, our indirect wholly owned subsidiaries (collectively, "chellomedia Belgium"), acquired LMI's wholly-owned subsidiary Belgian Cable Holdings ("BCH") for \$121.1 million in cash. BCH's only assets were debt securities of Callahan Partners Europe, which we refer to as CPE, and one of two entities majority owned by CPE, which we refer to as the InvestCos, and related contract rights. On December 17, 2004 we entered into a restructuring transaction with CPE and certain other parties. In this restructuring, BCH purchased equity of Belgian Cable Investors, LLC ("Belgian Cable Investors"), consisting of a 78.4% common equity interest and a 100% preferred equity interest for cash proceeds of \$137.95 million and the InvestCo debt security. Belgian Cable Investors then distributed \$115.6 million of these proceeds to CPE, which used the proceeds to repurchase the CPE debt securities held by BCH. CPE owns the remaining 21.6% of the common equity of Belgian Cable Investors. Belgian Cable Investors holds an indirect 14.1% interest in Telenet and certain call options expiring in 2007 and 2009 to acquire 3.36 million shares (11.6%) and 5.11 million shares (17.6%), respectively, of the outstanding equity of Telenet from existing shareholders. Belgian Cable Investors' indirect 14.1% interest in Telenet results from its majority ownership of the InvestCos, which hold in the aggregate 19.0% of the common stock of Telenet, and a shareholders agreement among Belgian Cable Investors and three unaffiliated investors in the InvestCos that governs the voting and disposition of 21.4% of the stock of Telenet, including the stock held by the InvestCos. Pursuant to the Telenet shareholders agreement, the InvestCos are able to vote a 25% interest, plus one vote on certain Telenet matters that require a 75% vote to pass. In addition, through our interest in the InvestCos, we have two representatives on Telenet's board of directors. Telenet is Belgium's largest cable system operator in terms of number of subscribers.

In December 2004, a subsidiary of chellomedia BV entered into an agreement to sell its 28.7% interest in EWT Holding GmbH to the other investors in EWT Holding for €30.0 (\$40.9) million in cash. chellomedia received 90% of the purchase price on January 31, 2005 and the remaining 10% is due and payable no later than June 30, 2005.

In January 2005, chellomedia acquired an 87.5% interest in Zone Vision Networks Ltd. ("Zone Vision") from its current shareholders. Zone Vision is a programming company that owns three pay television channels and represents over 30 international channels. The consideration for the transaction consisted of \$50.0 million in cash and 1.6 million shares of our Class A common stock, which are subject to a

five-year vesting period. As part of the transaction, chellomedia will contribute to Zone Vision the 49% shareholding it already holds in Reality TV Ltd. and chellomedia's Club channel business.

On February 10, 2005, UPC Broadband Holding, our wholly owned subsidiary, acquired 100% of the shares in Telemach d.o.o., a broadband communications provider in Slovenia, for cash consideration of approximately \$89.4 million.

On March 8, 2005, the UPC Broadband Bank Facility was amended to permit indebtedness under: (i) a new €1.0 billion term loan facility ("Facility G") maturing in full on April 1, 2010; (ii) a new €1.5 billion term loan facility ("Facility H") maturing in full on September 1, 2012, of which \$1.25 billion was denominated in U.S. dollars and then swapped into euros through a 7.5 year cross-currency swap; and (iii) a €500 million revolving credit facility ("Facility I") maturing in full on April 1, 2010. In connection with this amendment, €167 million of the existing revolving credit facility ("Facility A") was cancelled, reducing Facility A to a maximum amount of €500 million. The proceeds from Facilities G and H were used primarily to prepay all amounts outstanding under existing term loan Facilities B, C and E, fund certain acquisitions and pay transaction fees. The aggregate availability of €1.0 billion under Facilities A and I can be used to fund acquisitions and for general corporate purposes. As a result of this amendment, the weighted average maturity of the UPC Broadband Bank Facility was extended from approximately 4 years to approximately 6 years, with no amortization payments required until 2010, and the weighted average interest margin on the facility was reduced by approximately 0.25% per annum. The amendment also provided for additional flexibility on certain covenants and the funding of acquisitions.

(b) Financial Information About Operating Segments

Financial information about operating segments appears in the notes to our consolidated financial statements included in Part II of this report.

(c) Narrative Description of Business

Broadband Distribution Services

We are one of the largest broadband communications providers, in terms of aggregate number of subscribers and homes passed, outside the United States. We offer a variety of broadband distribution services over our cable networks in 16 different countries, including analog video, digital video, high-speed Internet access and telephony services. Available service offerings depend on the bandwidth capacity of our cable networks. As bandwidth increases, the information-carrying capacity of the network increases. When we upgrade our network, we replace sections of the coaxial cable with fiber optic lines and upgrade the remaining coaxial cable network and related equipment to provide for two-way transmission and increased transmission speed and bandwidth. This upgrading allows signals to be sent to and from the subscriber's home, enabling us to provide enhanced video, telephony, and high-speed Internet access services. As of December 31, 2004, approximately 65% of our network is capable of handling two-way communications.

We plan to continue increasing our growth in average monthly revenue per revenue generating unit, commonly known as "ARPU," through rate increases for our video services, migrating more customers to our digital offerings, which include premium programming and enhanced pay-per-view services, and increasing penetration in higher ARPU services such as high-speed Internet access and telephone

services. We receive the majority of our revenues from subscription services. Subscribers typically pay us on a monthly basis and generally may discontinue services at any time (subject to a notice period that varies by country and other contractual restrictions). Monthly subscription rates and related charges vary according to the type of service and equipment selected by subscribers.

We offer a full range of analog video services. We tailor both our basic channel line-up and our additional channel offerings to each system according to culture, demographics, programming preferences and local regulation. Our analog video service offerings vary by country, but generally include the following:

- *Basic programming.* Our basic cable service typically consists of between 10-30 channels of programming (with the exception of Chile, where over 50 channels of basic programming are provided). This service generally consists of programming provided by national television networks, local broadcast television stations, locally originated programming, including governmental and public access, and limited satellite-delivered programming. In some countries we have a lifeline service, representing the lowest regulated tier of video services, with only a few channels.
- *Expanded basic programming.* Our expanded basic cable service, which may vary in size depending on the network's channel capacity, generally includes from 5 to 15 satellite-delivered or non-broadcast channels in addition to the basic channel line-up. Some of our subscribers in Eastern Europe receive our video services broadcast directly to the home via geosynchronous satellites, or "DTH," or through a multi-channel, multi-point distribution system (also known as a multi-point microwave (wireless) distribution system), or "MMDS."

Digital compression technology enables us to substantially increase the number of channels our cable networks can carry, thereby providing a significant number of additional programming choices to our subscribers, such as near video-on-demand, or "NVOD," interactive television and customizable programming guides. At the home, a set-top video terminal, often referred to as a "digital set-top box," converts the digital signal into analog signals that can be viewed on a television set. Subscribers typically pay us on a monthly basis for digital cable services and generally may discontinue services at any time. Monthly rates vary generally according to the level of service and the number of digital set-top boxes selected by the subscriber. Our digital service offerings vary by country, but generally include:

- *Basic services.* Our digital basic package generally includes over 50 channels of programming in various genres.
- *Premium services.* Our premium services generally offer, without commercial interruption, movies, live and taped sporting events, concerts and other special features. The charge for premium services depends upon the type and number of premium channels selected by the subscriber.
- *Pay-per-view programming.* Our pay-per-view service permits our subscribers to order, for a separate fee, movies and special event programs, such as professional sports and concerts on an unedited, commercial-free basis.

We offer high-speed Internet access services in 13 countries in Europe and three in Latin America. Residential subscribers can access the Internet via cable modems connected to their personal computers at faster speeds than that of conventional dial-up modems. Our product offerings (branded chello in Europe and Banda Ancha in Chile) include several tiers of always on, unlimited-use services, with up to

16 Mbps of downstream access speed. We determine pricing for each different tier of service through analysis of speed, data limits and other competitive factors.

We offer telephony services in six countries in Europe and Chile, primarily over our broadband networks. In Hungary we provide the majority of our telephony services over a traditional twisted copper pair network. We began offering telephony services in the Netherlands, Hungary and Chile in 2004 through Voice over Internet Protocol technology, or "VoIP," and we plan to launch VoIP telephony services in France, Austria, Norway, Sweden, Belgium, Poland and Czech Republic in 2005. In addition to basic dial tone service, we offer a full complement of services to subscribers including caller identification, call waiting, call forwarding, call blocking, speed dial, distinctive ringing, three-way calling, voice mail and second lines.

We continue to focus on growing our subscriber base and ARPU by rolling out these high-value bundled entertainment, information and communications services, including upgrading the quality of our networks where appropriate, leveraging the reach of our broadband distribution systems to create new content opportunities and entering into strategic alliances and acquisitions in order to increase our distribution presence and maximize operating efficiencies.

Programming Services

We own programming networks that provide video programming channels to multi-channel distribution systems owned by us and third parties. We also represent programming networks owned by others. Our programming networks distribute their services through a number of distribution technologies, principally cable television and DTH. Programming services may be delivered to subscribers as part of a video distributor's basic package of programming services for a fixed monthly fee, or may be delivered as a "premium" programming service for an additional monthly charge or on a pay-per-view basis. Whether a programming service is on a basic or premium tier, the programmer generally enters into separate affiliation agreements, providing for terms of one or more years, with those distributors that agree to carry the service. Basic programming services derive their revenues from per-subscriber license fees received from distributors and the sale of advertising time on their networks or, in the case of shopping channels, retail sales. Premium services generally do not sell advertising and primarily generate their revenues from subscriber fees. Programming providers generally have two sources of content: (1) rights to productions that are purchased from various independent producers and distributors, and (2) original productions filmed for the programming provider by internal personnel or contractors. We operate our programming businesses in Europe principally through our chellomedia division.

Operating Data

The following table presents certain operating data with respect to our broadband distribution systems as of December 31, 2004:

December 31, 2004												
					Video				Internet		Telephony	
	Homes Passed(1)	Two-way Homes Passed(2)	Customer Relationships(3)	Total RGUs(4)	Analog Cable Subscribers(5)	Digital Cable Subscribers(6)	DTH Subscribers(7)	MMDS Subscribers(8)	Homes Serviceable(9)	Subscribers(10)	Homes Serviceable(11)	Subscribers(12)
Europe:												
The Netherlands	2,620,000	2,497,800	2,289,000	2,921,700	2,285,500	56,700	–	–	2,497,800	397,400	2,250,500	182,100
France	4,580,700	3,316,500	1,612,000	2,382,700	1,523,200	545,800	–	–	3,316,500	247,100	707,800	66,600
Austria	946,900	943,700	578,000	931,400	501,400	35,000	–	–	943,700	242,500	910,400	152,500
Norway	486,600	244,400	341,000	447,800	341,000	35,400	–	–	244,400	48,500	151,200	22,900
Sweden	421,600	281,200	292,300	406,000	292,300	37,700	–	–	281,200	76,000	–	–
Ireland	317,300	24,200	202,700	217,500	112,900	14,500	–	89,000	14,500	600	24,200	500
Belgium	155,500	155,500	148,100	164,800	134,900	–	–	–	155,500	29,900	–	–
Total Western Europe												
	9,528,600	7,463,300	5,463,100	7,471,900	5,191,200	725,100	–	89,000	7,453,600	1,042,000	4,044,100	424,600
Poland												
	1,884,800	569,100	1,000,700	1,047,600	994,200	–	–	–	569,100	53,400	–	–
Hungary	1,006,500	675,800	922,200	1,003,400	720,900	–	140,400	–	675,800	73,200	415,600	68,900
Czech Republic	729,000	322,200	401,200	428,200	295,700	–	90,100	–	322,200	42,400	–	–
Romania	518,700	3,900	357,100	357,300	357,000	–	–	–	3,900	300	–	–
Slovak Republic	413,200	168,800	298,400	306,300	250,300	–	14,600	32,200	162,100	9,200	–	–
Total Central and Eastern Europe												
	4,552,200	1,739,800	2,979,600	3,142,800	2,618,100	–	245,100	32,200	1,733,100	178,500	415,600	68,900
Total Europe												
	14,080,800	9,203,100	8,442,700	10,614,700	7,809,300	725,100	245,100	121,200	9,186,700	1,220,500	4,459,700	493,500
Latin America:												
Chile	1,793,900	1,070,700	636,000	1,009,300	504,600	–	4,500	13,900	1,070,700	176,300	1,052,700	310,000
Brazil	15,400	15,400	15,400	16,400	–	–	–	15,300	15,400	1,100	–	–
Peru	66,800	30,300	13,900	15,600	12,400	–	–	–	30,300	3,200	–	–
Total Latin America												
	1,876,100	1,116,400	665,300	1,041,300	517,000	–	4,500	29,200	1,116,400	180,600	1,052,700	310,000
Grand Total												
	15,956,900	10,319,500	9,108,000	11,656,000	8,326,300	725,100	249,600	150,400	10,303,100	1,401,100	5,512,400	803,500

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- (1) "Homes Passed" are homes that can be connected to our networks without further extending the distribution plant, except for DTH and MMDS homes. With respect to DTH, we do not count homes passed. With respect to MMDS, one home passed is equal to one MMDS subscriber.
 - (2) "Two-way Homes Passed" are homes passed by our networks where customers can request and receive the installation of a two-way addressable set-top converter, cable modem, transceiver and/or voice port which, in most cases, allows for the provision of video and Internet services and, in some cases, telephony services.
 - (3) "Customer Relationships" are the number of customers who receive at least one level of service without regard to which service(s) they subscribe.
 - (4) "Revenue Generating Unit" is separately an Analog Cable Subscriber, Digital Cable Subscriber, DTH Subscriber, MMDS Subscriber, Internet Subscriber or Telephony Subscriber. A home may contain one or more RGUs. For example, if a residential customer in our Austrian system subscribed to our analog cable service, digital cable service, telephony service and high-speed broadband Internet access service, the customer would constitute four RGUs. "Total RGUs" is the sum of Analog, Digital Cable, DTH, MMDS, Internet and Telephony Subscribers. In some cases, non-paying subscribers are counted as subscribers during their free promotional service period. Some of these subscribers choose to disconnect after their free service period.
 - (5) "Analog Cable Subscriber" is comprised of basic cable video customers that are counted on a per connection basis. We have approximately 1.34 million "lifeline" customers that are counted on a per connection basis, representing the least expensive regulated tier of basic cable service, with only a few channels. Commercial contracts such as hotels and hospitals are counted on an equivalent bulk unit (EBU) basis. EBU is calculated by dividing the bulk price charged to accounts in an area by the most prevalent price charged to non-bulk residential customers in that market for the comparable tier of service.
 - (6) "Digital Cable Subscriber" is a customer with one or more digital converter boxes that receives our digital video service. A Digital Cable Subscriber is counted as one Analog Cable Subscriber in column 5 of the table above whether such customer receives only our digital video service or both analog and digital video services.
 - (7) "DTH Subscriber" is a home or commercial unit that receives our video programming broadcast directly to the home via a geosynchronous satellite.
 - (8) "MMDS Subscriber" is a home or commercial unit that receives our video programming via a multipoint microwave (wireless) distribution system.
 - (9) "Internet Homes Serviceable" are homes that can be connected to our broadband networks, where customers can request and receive Internet access services.
 - (10) "Internet Subscriber" is a home or commercial unit with one or more cable modems connected to our broadband networks, where a customer has requested and is receiving high-speed Internet access services.
 - (11) "Telephony Homes Serviceable" are homes that can be connected to our networks, where customers can request and receive voice services.
 - (12) "Telephony Subscriber" is a home or commercial unit connected to our networks, where a customer has requested and is receiving voice services.

Europe Broadband Distribution

Through its UPC Broadband division, UGC Europe provides video, high-speed Internet access and telephony services over its networks and operates the largest cable network in each of The Netherlands, France, Austria, Poland, Hungary, Czech Republic, Slovak Republic and Slovenia and the second largest cable network in Norway, in each case in terms of number of subscribers. UGC Europe's high-speed Internet access service is provided over the UPC Broadband network infrastructure generally under the brand name chello. Depending on the capacity of the particular network, UGC Europe may provide up to seven tiers of high-speed Internet access. UGC Europe offers multi-feature telephony services in six European countries. Provided below is country-specific information with respect to the broadband distribution services of the UPC Broadband division:

The Netherlands

Our networks in The Netherlands passed approximately 2.6 million homes and had approximately 2.3 million basic cable subscribers, 397,400 Internet subscribers and 182,100 telephony subscribers as of December 31, 2004. Over 30% of Dutch households receive at least analog cable service from us. Our subscribers are located in six regional clusters, including the major cities of Amsterdam and Rotterdam. Our networks are approximately 95% upgraded to two-way capability, with approximately 94% of our basic cable subscribers served by a network with a bandwidth of at least 860 MHz.

We provide analog cable services to approximately 87% of our homes passed. Approximately 82% of our homes passed are capable of receiving digital cable service. We offer our digital cable subscribers a basic package of 58 channels with an option to subscribe for up to 15 additional general entertainment, movie, sports, music and ethnic channels and an electronic program guide. Our digital cable service also offers 56 channels of NVOD services and interactive services, including television-based email, to approximately 57% of our homes passed.

We offer seven tiers of chello brand high-speed Internet access service with download speeds ranging from 256 Kbps to 8 Mbps. Approximately 17% of our basic cable subscribers also receive our Internet access service, representing approximately 100% of our Internet subscribers.

Multi-feature telephony services are available to approximately 86% of our homes passed. Approximately 8% of our basic cable subscribers also receive our telephony services, representing approximately 100% of our telephony subscribers. In 2004, we began offering telephony services to our two-way homes passed by applying VoIP.

In early 2004, we launched self-install for all of our Internet access services, allowing subscribers to install the technology themselves and save money on the installation fee. We also launched self-install for our digital cable services in June 2004. Approximately 50% of our new Internet subscribers have chosen to self-install their new service, and approximately 30% of our new digital subscribers have chosen to self-install their new service. We plan to launch self-install for our VoIP services in 2005.

France

Our networks in France passed approximately 4.6 million homes and had 1.5 million basic cable subscribers, 247,100 Internet subscribers and 66,600 telephony subscribers as of December 31, 2004. Our

major operations are located in Paris and its suburbs including the Marne la Vallee area east of Paris, Strasbourg, Orleans, Le Mans, the suburbs of Lyon, the southeast region, and other operations spread throughout France. Our network is approximately 72% upgraded to two-way capability, with approximately 90% of our basic cable subscribers served by a network with a bandwidth of at least 750 MHz.

In 2004, we extended the reach of our digital cable platform, which is now available to approximately 90% of our homes passed. The digital platform offers a number of options in terms of packages – from 52 channels for the entry-level tier to more than 100 channels for the premium tier. Programming includes series, general entertainment, youth, sports, news, documentary, music, lifestyle and foreign channels. With all tiers, we offer a number of movie premium packages, a pay-per-view service, numerous "a la carte" channels and several Canal+ channels. We intend to migrate most of our analog cable subscribers to this new digital platform.

We offer three tiers of high-speed Internet access service with download speeds ranging from 512 Kbps to 10 Mbps. Approximately 12% of our basic cable subscribers also receive Internet service, representing approximately 75% of our Internet subscribers.

Multi-feature telephony services are available to approximately 15% of our homes passed.

Austria

Our networks in Austria passed 946,900 homes and had 501,400 basic cable subscribers, 242,500 Internet subscribers and 152,500 telephony subscribers as of December 31, 2004. Our subscribers are located in regional clusters encompassing the capital city of Vienna, two other regional capitals and two smaller cities. Each of the cities in which we operate owns, directly or indirectly, 5% of the local operating company. Our network is almost entirely upgraded to two-way capability, with approximately 97% of our basic cable subscribers served by a network with a bandwidth of at least 750 MHz.

We provide a single offering to our analog cable subscribers that consists of 34 channels, mostly in the German language. Our digital platform offers more than 100 basic and premium TV channels, plus NVOD, interactive services, television-based e-mail and an electronic program guide. Our premium content includes first run movies and specific ethnic offerings, including Serb and Turkish channels.

We offer five tiers of chello brand high-speed Internet access service with download speeds ranging from 256 Kbps to 2.6 Mbps. Our high-speed Internet access is available in all of the cities in which we operate. Approximately 37% of our basic cable subscribers also receive our Internet access service, representing approximately 76% of our Internet subscribers.

Multi-feature telephony services are available to approximately 96% of our homes passed. We offer basic dial tone service as well as value-added services. We also offer a bundled product of fixed line and mobile telephony services in cooperation with the third largest mobile phone operator in Austria under the brand "Take Two." More than 100,000 of our telephony subscribers subscribe to this product. Approximately 22% of our basic cable subscribers also receive our telephony service, representing approximately 72% of our telephony subscribers.

Norway

Our networks in Norway passed 486,600 homes and had 341,000 basic cable subscribers, 48,500 Internet subscribers and 22,900 telephony subscribers as of December 31, 2004. Our main network is located in Oslo and our other systems are located primarily in the southeast and along Norway's southwestern coast. Our networks are approximately 50% upgraded to two-way capability, with approximately 30% of our basic cable subscribers served by a network with a bandwidth of at least 860 MHz. Digital cable services are offered to approximately 39% of our homes passed.

We have a basic analog cable package with 15 channels and a plus-package with 23 channels. Our highest analog tier, the total package, includes the plus-package and 12 additional channels. Customers can also subscribe to premium channels, such as movie, sports and ethnic channels. Approximately 60% of our basic cable subscribers consist of multi-dwelling units, or "MDUs," with a discounted pricing structure.

Our basic digital cable package consists of 29 channels. Our upper-level digital package includes an additional 21 channels. Subscribers to the basic digital cable package can subscribe to channels from the upper-level digital package for an additional fee. Different movie, sports, entertainment and ethnic channels may be selected from an a la carte menu for a per-channel fee. To complement our digital offering, we launched 48 channels of NVD service in 2004.

We offer five tiers of chello brand high-speed Internet access service with download speeds ranging from 256 Kbps to 4 Mbps. Approximately 14% of our basic cable subscribers also receive its Internet service, representing approximately 100% of our Internet subscribers.

Multi-feature telephony services are available to approximately 31% of our homes passed. Approximately 7% of our basic cable subscribers also receive telephony service, representing approximately 100% of our telephony subscribers.

Sweden

Our networks in Sweden passed 421,600 homes and had 292,300 basic cable subscribers and 76,000 Internet subscribers as of December 31, 2004. We operate in the greater Stockholm area on leased fiber from Stokab AB, a city controlled entity with exclusive rights to lay cable ducts for communications or broadcast services in the city of Stockholm. These lease terms vary from 10 to 25 years, and expire beginning in 2012 through 2018. Our network is approximately 67% upgraded to two-way capability, with all of our basic cable subscribers served by a network with a bandwidth of at least 550 MHz.

We provide all of our basic cable subscribers with a lifeline service consisting of four "must-carry" channels. In addition to this lifeline service, we offer an analog cable package with 12 channels and a digital cable package with up to 80 channels. Our program offerings include domestic, foreign, sport and premium movie channels, as well as digital event channels such as seasonal sport and real life entertainment events. Approximately 39% of the homes served by our networks subscribe to the lifeline analog cable service only. Approximately 13% of our basic cable subscribers are digital cable subscribers. To complement our digital offering, we launched 24 channels of NVD service in 2004.

We offer five tiers of chello brand high-speed Internet access service with download speeds ranging from 128 Kbps to 8 Mbps. Approximately 26% of our basic cable subscribers subscribe to our Internet service, representing approximately 100% of our Internet subscribers.

Ireland

Our networks in Ireland passed 317,300 homes and had 112,900 basic cable subscribers, 89,000 MMDS subscribers, 600 Internet subscribers and 500 telephony subscribers as of December 31, 2004. We are Ireland's largest cable and MMDS video service provider outside of Dublin, based on customers served. We also distribute four Irish channels and produce a local sports channel.

Belgium

Our networks in Belgium passed 155,500 homes and had 134,900 basic cable subscribers and 29,900 Internet access subscribers as of December 31, 2004. Our operations are located in certain areas of Leuven and Brussels, the capital city of Belgium. Our network is fully upgraded to two-way capability, with all of our basic cable subscribers served by a network with a bandwidth of 860 MHz.

Our analog cable service, consisting of all Belgium terrestrial channels, regional channels and selected European channels, offers 41 channels in Brussels and 39 channels in Leuven. In both regions, we offer an expanded analog cable package, including a "starters pack" of three channels that can be upgraded to 15 channels in Leuven and 17 channels in Brussels. This programming generally includes a selection of European and United States thematic satellite channels, including sports, kids, nature, movies and general entertainment channels. We also distribute three premium channels that are provided by Canal+, two in Brussels and one in Leuven.

We offer five tiers of chello brand high-speed Internet access service with download speeds ranging from 256 Kbps to 16 Mbps. Approximately 12% of our basic cable subscribers also receive Internet access service, representing approximately 56% of our Internet subscribers.

Poland

Our networks in Poland passed approximately 1.9 million homes and had approximately 1 million basic cable subscribers and 53,400 Internet subscribers as of December 31, 2004. Our subscribers are located in regional clusters encompassing eight of the ten largest cities in Poland, including Warsaw and Katowice. Approximately 30% of our networks are upgraded to two-way capability, with approximately 96% of our basic cable subscribers served by a network with a bandwidth of at least 550 MHz. We continue to upgrade portions of our network that have bandwidths below 550 MHz to bandwidths of at least 860 MHz.

We offer analog cable subscribers three packages of cable television service. Our lowest tier, the broadcast package, includes 4 to 12 channels and the intermediate package includes 13 to 22 channels. The higher tier, the full package, includes the broadcast package plus up to 30 additional channels with such themes as sports, kids, science/educational, news, film and music. For an additional monthly charge, we offer two premium television services, the HBO Poland service and Canal+ Multiplex, a Polish-language premium package of three movie, sport and general entertainment channels.

We offer three different tiers of chello brand high-speed Internet access service in portions of our network with download speeds ranging from 512 Kbps to 6 Mbps. We are currently expanding our Internet ready network in Warsaw, Krakow, Gdansk and Katowice and began providing Internet access services in Szczecin and Lublin in the second quarter of 2004. Approximately 5% of our basic cable subscribers also receive our Internet service, representing approximately 88% of our Internet subscribers.

Hungary

Our networks in Hungary passed approximately 1 million homes and had 720,900 basic cable subscribers, 140,400 DTH subscribers, 73,200 Internet subscribers and 68,900 telephony subscribers, as of December 31, 2004. Approximately 67% of our networks are upgraded to two-way capability, with 50% of our basic cable subscribers served by a network with a bandwidth of at least 750 MHz.

We offer up to four tiers of analog cable programming services (between 4 and 60 channels) and two premium channels, depending on the technical capability of the network. Programming consists of the national Hungarian terrestrial broadcast channels and selected European satellite and local programming that consists of proprietary and third party channels.

We offer three tiers of chello brand high-speed Internet access service with download speeds ranging from 512 Kbps to 3 Mbps. We offer these broadband Internet services to 69,200 subscribers in fourteen cities, including Budapest. We also had 4,000 asymmetric digital subscriber line, or "ADSL," subscribers at December 31, 2004. Approximately 6% of our basic cable subscribers also receive our Internet service, representing approximately 55% of our Internet subscribers.

Monor Telefon Tarsasag Rt., one of our Hungarian operating companies, offers traditional switched telephony services over a twisted copper pair network in the southeast part of Pest County. In 2004 we began offering VoIP telephony services over our cable network in Budapest. As of December 31, 2004, we had 68,900 telephony subscribers.

Czech Republic

Our networks in the Czech Republic passed 729,000 homes and had 295,700 basic cable subscribers, 90,100 DTH subscribers and 42,400 Internet subscribers as of December 31, 2004. Our operations are located in more than 80 cities and towns in the Czech Republic, including Prague and Brno, the two largest cities in the country. Approximately 44% of our networks are upgraded to two-way capability, with 40% of our basic cable subscribers served by a network with a bandwidth of at least 750 MHz. We offer two tiers of analog cable programming services, with up to 31 channels, and two premium channels.

We offer four tiers of chello brand high-speed Internet access service with download speeds ranging from 256 Kbps to 6 Mbps. Approximately 9% of our basic cable subscribers also receive our Internet service, representing approximately 64% of our Internet subscribers.

Romania

Our networks in Romania passed 518,700 homes and had 357,000 basic cable subscribers as of December 31, 2004. Our systems served 34 cities in Romania with 75% of our subscriber base in six cities: Timisoara, Cluj, Ploiesti, Focsani, Bacau and Botosani. We are currently test marketing, on a limited

basis, an Internet access product in two of our main systems. Approximately 1% of our networks are upgraded to two-way capability, with 75% of our basic cable subscribers served by a network with a bandwidth of at least 550 MHz. We continue to upgrade our medium size systems to 550 MHz.

We offer analog cable service with 24 to 36 channels in all of our cities, which include Romanian terrestrial broadcast channels, European satellite programming and regional local programming. Three extra basic packages of 6 to 18 channels each are offered in Timisoara, Ploiesti, Cluj and Bacau. Premium Pay TV (HBO Romania) is offered in 13 cities.

Slovak Republic

Our networks in the Slovak Republic passed 413,200 homes and had 250,300 basic cable subscribers, 14,600 DTH subscribers, 32,200 MMDS subscribers and 9,200 Internet subscribers as of December 31, 2004. Approximately 41% of our networks are upgraded to two-way capability, with 25% of our basic cable subscribers served by a network with a bandwidth of at least 750 MHz. In some areas like Bratislava, the capital city, our network is 98% upgraded to two-way capability.

We offer two tiers of analog cable service and three premium services. Our lower-tier, the lifeline package, includes 4 to 9 channels. Our most popular tier, the basic package, includes 16 to 42 channels that generally offer all Slovak terrestrial, cable and local channels, selected European satellite programming and other third-party programming. For an additional monthly charge, we offer three premium services – HBO, Private Gold and the UPC Komfort package consisting of six thematic third-party channels.

In Bratislava, we offer five tiers of chello brand high-speed Internet access service with download speeds ranging from 256 Kbps to 4 Mbps. Approximately 3% of our basic cable subscribers also receive Internet access service, representing approximately 85% of our Internet subscribers.

Slovenia

Our network in Slovenia, acquired in February 2005, is the largest broadband communications provider in Slovenia in terms of number of subscribers, with over 100,000 basic cable subscribers and 10,000 Internet subscribers at December 31, 2004.

We offer analog cable service and one premium movie service. Our most popular tier, the basic package, includes on average 50 video and 20 radio channels and generally offers all Slovenian terrestrial, cable and local channels, selected European satellite programming and other third-party programming. For an additional monthly charge, we offer one premium movie service.

We offer five tiers of high-speed Internet access service with download speeds ranging from 128 Kbps to 2 Mbps.

chellomedia and Other

UGC Europe's chellomedia division provides interactive digital products and services, produces and markets thematic channels, operates UGC Europe's digital media center, operates a competitive local exchange carrier, or "CLEC," business under the brand name Priority Telecom and owns or manages our

investments in various businesses in Europe. Below is a description of the operations of the chellomedia division:

- *Interactive Services.* We expect the development of interactive television services to play an important role in increasing subscriptions to UGC Europe's digital television offerings. chellomedia's Interactive Services Group is responsible for developing its core digital products, such as an electronic program guide, walled garden, television-based email, and PC/TV portals as well as other television and PC-based applications supporting various areas, including communications services and enhanced television services. A base set of interactive services has been launched in the Netherlands and Austria.
- *Transactional Television.* Transactional television, branded as "Arrivo," is another component of UGC Europe's digital service offerings. Our Dutch system currently offers 42 channels of NVD programming and our Austrian system currently offers 56 channels of NVD programming. Arrivo provides digital customers with a wide range of Hollywood blockbusters and other movies. Arrivo is also in the process of developing video-on-demand, or "VOD," services for UGC Europe's UPC Broadband division and third-party cable operators. The VOD service will provide VOD subscribers with enhanced playback functionality and will give subscribers access to a broad array of on-demand programming, including movies, live events, local drama, music videos, kids programming and adult programming.
- *Pay Television.* UPCTv, a wholly owned subsidiary of UGC Europe, produces and markets its own pay television products, currently consisting of three thematic channels. The channels target the following genres: extreme sports and lifestyles; women's information and entertainment; and real life documentaries. All three channels originate from UGC Europe's digital media center, or "DMC," located in Amsterdam. The DMC is a technologically advanced production facility that services UPCTv and third-party clients with channel origination, post-production and satellite and fiber transmission. The DMC delivers high-quality, customized programming by integrating different video elements, languages (either in dubbed or sub-titled form) and special effects, then transmits the final product to various customers in numerous countries through affiliated and unaffiliated cable systems and DTH platforms.
- *Priority Telecom.* Priority Telecom is a facilities-based business telecommunications provider that provides voice services, high-speed Internet access, private data networks and customized network services to over 7,000 business customers primarily in its core metropolitan markets in The Netherlands, Austria and Norway. UGC Europe owns an approximate 72% economic interest in Priority Telecom.
- *Investments.* chellomedia is an investor in branded equity ventures for the development of country-specific programming, including Iberian Programming Services, Xtra Music, MTV Networks Polska, Fox Kids Poland and Sports 1.

chellomedia also owns or manages our minority interests in other European businesses. These include a 25% interest in PrimaCom AG, which owns and operates a cable television and broadband network in Germany and The Netherlands, a 50% interest in Melita Cable PLC, the only cable television and broadband network in Malta, a 25% interest in Telewizyjna Korporacja Partycypacyjna S.A., a DTH programming platform in Poland, and the recently acquired indirect investment in Telenet through Belgian Cable Investors.

VTR

Our primary Latin American operation, VTR, is Chile's largest multi-channel television and high-speed Internet access provider in terms of homes passed and number of subscribers, and Chile's second largest provider of residential telephony services, in terms of lines in service. VTR provides services in Santiago, Chile's largest city, the large regional cities of Iquique, Antofagasta, Concepción, Viña del Mar, Valparaíso and Rancagua, and smaller cities across Chile. Approximately 96% of its video subscribers are served via wireline cable, with the remainder via MMDS technologies. VTR's network is approximately 60% upgraded to two-way capability, with 65% of its basic cable subscribers served by a network with a bandwidth of at least 750 MHz. VTR has an approximate 70% market share of cable television services throughout Chile and an approximate 51% market share within Santiago.

VTR's channel lineup consists of 52 to 68 channels segregated into two tiers of analog cable service: a basic service with 52 to 57 channels and a premium service with 11 channels. VTR offers basic tier programming similar to the basic tier program lineup in the United States, including more premium-like channels such as HBO, Cinemax and Cinecanal on the basic tier. As a result, subscription to its existing premium service package is limited because its basic analog package contains similar channels. VTR obtains programming from the United States, Europe, Argentina and Mexico. Domestic cable television programming in Chile is only just beginning to develop around local events such as soccer matches.

VTR offers several alternatives of always on, unlimited-use high-speed Internet access to residences and small/home offices under the brand name Banda Ancha in 22 communities within Santiago and 12 cities outside Santiago. Subscribers can purchase one of five services with download speeds ranging from 128 Kbps to 2.4 Mbps. For a moderate to heavy Internet user, VTR's Internet service is generally less expensive than a dial-up service with its metered usage. To provide more flexibility to the user, VTR also offers Banda Ancha Flex, where a low monthly flat fee includes the first 200 minutes, with metered usage above 200 minutes. Approximately 33% of VTR's basic cable subscribers also receive Internet service, representing approximately 95% of its Internet subscribers.

VTR offers telephony service to customers in 22 communities within Santiago and seven cities outside Santiago. VTR offers basic dial tone service as well as several value-added services. VTR primarily provides service to residential customers who require one or two telephony lines. It also provides service to small businesses and home offices. In 2004, VTR began offering telephony services to its two-way homes passed by applying VoIP. Approximately 40% of VTR's basic cable subscribers also receive telephony service, representing approximately 65% of its telephony subscribers.

Australia

We also own minority interests in broadband distributors and video programmers operating in Australia. We own an indirect approximate 34% equity interest in Austar United. Austar United provides pay television services, Internet access and resells mobile telephony services to subscribers in regional and rural Australia and the capital cities of Hobart and Darwin.

Regulatory Matters

Video distribution, Internet, telephony and content businesses are regulated in each of the countries in which we 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 or "EU." Adverse regulatory developments could subject our businesses to a number of risks. Regulation could limit growth, revenues and the number and types of services offered. In addition, regulation may restrict our operations and subject them to further competitive pressure, including pricing restrictions, interconnect and open-network obligations, and restrictions on content, including content provided by third parties. Failure to comply with current or future regulation could expose our businesses to various penalties.

Foreign regulations affecting distribution and programming businesses fall into several general categories. Our businesses are required to obtain licenses, permits or other governmental authorizations from (or to notify or register with) relevant local or regulatory authorities to own and operate their respective distribution systems. In many countries, these licenses are non-exclusive and of limited duration. In some countries where we provide video programming services we must comply with restrictions on programming content. Local or national regulatory authorities in some countries where we provide video services also impose pricing restrictions and subject certain price increases to approval by the relevant local or national authority.

Our telecommunications businesses generally are required to register with the appropriate regulatory authority where we offer telephony services, although, in some instances, we may be required to obtain a license. Our telephony businesses to date have not been subject to rate regulation but could become subject to such regulation in a number of jurisdictions if they are deemed to hold significant market power. Under the EU's new regulatory framework discussed below, a company will be deemed to have significant market power if it has the power to behave to an appreciable extent independently of competitors, customers and consumers. In some countries, we must notify the regulatory authority of our tariff structure and any subsequent price increases.

European Union

Austria, Belgium, Cyprus, The Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, The Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden and the United Kingdom are Member States of the European Union. As such, these countries are required to enact national legislation that implements EU directives. Although not an EU Member State, Norway is a member of the European Economic Area and generally has implemented or is implementing the same principles on the same timetable as EU Member States. In addition, Romania is seeking to join the EU in 2007 and its laws are strongly influenced by EU directives since it will need to comply with these directives in order to join the EU. As a result, most of the markets in Europe in which our businesses operate have been significantly affected by the regulatory framework that has been developed by the EU.

Communications Services and Competition Directives

A number of legal measures, which we refer to as the Directives, have revised the regulatory regime concerning communications services across the EU. They include the following:

- Directive for a New Regulatory Framework for Electronic Communications Networks and Services (referred to as the Framework Directive);

- Directive on the Authorization of Electronic Communications Networks and Services (referred to as the Authorization Directive);
- Directive on Access to and Interconnection of Electronic Communications Networks and Services (referred to as the Access Directive);
- Directive on Universal Service and Users' Rights relating to Electronic Networks and Services (referred to as the Universal Service and Users' Rights Directive);
- Directive on Privacy and Electronic Communications (referred to as the Privacy Directive); and
- Directive on Competition in the Markets for Electronic Communications and Services (referred to as the Competition Directive).

In addition to the Directives, the European Parliament and European Council made a decision intended to ensure the efficient use of radio spectrum within the EU. Existing EU member countries were required to implement the Framework, Authorization, Access and the Universal Service and Users' Rights Directives by July 25, 2003. The Privacy Directive was to have been implemented by October 31, 2003. The Competition Directive is self-implementing and does not require any national measures to be adopted. The 10 countries that joined the EU on May 1, 2004 were to ensure compliance with the Directives as of the date of accession. Measures seeking to implement the Directives are in force in most Member States. Of those countries that we operate in only Belgium and the Czech Republic still need to bring into force laws seeking substantially to implement the Directives.

The Directives seek, among other things, to harmonize national regulations and licensing systems and further increase market competition. These policies seek to harmonize licensing procedures, reduce administrative fees, ease access and interconnection, and reduce the regulatory burden on telecommunications companies. Another important objective of the new Directives is to implement one new regime for the development of communications networks and communications services, including the delivery of video services, irrespective of the technology used.

Many of the obligations included within the Directives apply only to operators or service providers with "Significant Market Power" in a relevant market. For example, the provisions of the Access Directive allow Member States to mandate certain access obligations only for those operators and service providers that are deemed to have Significant Market Power. For purposes of the Directives, an operator or service provider will be deemed to have Significant Market Power where, either individually or jointly with others, it enjoys a position of significant economic strength affording it the power to behave to an appreciable extent independently of competitors, customers and consumers. As part of the implementation of certain of the Directives, the National Regulatory Authority or NRA is obliged to analyze 18 predefined markets to determine if any operator or service provider has Significant Market Power. We may be found to have Significant Market Power in some markets and in some countries. In particular, in those markets where we offer telephony services, we may be found to have Significant Market Power in the termination of calls on our own network. In addition, in some countries we may be found to have Significant Market Power in the wholesale distribution of television channels. Some national regulators may also seek to find that we have Significant Market Power in the retail broadband Internet market. Although we would vigorously dispute this last finding, there can be no assurance that such finding will not be made. In the event that we are found to have Significant Market Power in any particular market, a NRA could impose certain conditions on us to prevent abusive behavior by us.

The European Commission has adopted a Recommendation on relevant markets susceptible to ex-ante regulation under the Directives. Under the Directives, the European Commission has the power to veto

the assessment by a NRA of Significant Market Power in any market not set out in this Recommendation as well as any finding by a NRA of Significant Market Power in any market whether or not it is set out in the Recommendation.

Certain key elements introduced by the Directives are set forth below, followed by a discussion of certain other regulatory matters and a description of regulation for three countries where we have large operations. This is not intended to be a comprehensive description of all aspects of regulation in this area.

Licensing. Individual licenses for electronic communications services are not required for the operation of an electronic communications network or the offering of electronic communications services. A simple registration is required in these cases. Member States are limited in the obligations that they may place on someone who has so registered; the only obligations that may be imposed are specifically set out in the Authorizations Directive.

Access Issues. The Access Directive sets forth the general framework for interconnection of, and third party access to, networks, including cable networks. Public telecommunications network operators are required to negotiate interconnection agreements on a non-discriminatory basis with each other. In addition, some specific obligations are provided for in this Directive such as an obligation to distribute wide-screen television broadcasts in that format and certain requirements to provide access to conditional access systems. Other access obligations can be imposed on operators identified as having Significant Market Power in a particular market. These obligations are based on the outcomes that would occur under general competition law.

"Must Carry" Requirements. In most countries where we provide video and radio services, we are required to transmit to subscribers certain "must carry" channels, which generally include public national and local channels. In some European countries, we may be obligated to transmit quite a large number of channels by virtue of these requirements. Until recently, there was no meaningful oversight of this issue at the EU level. This changed when the Directives came into effect. Member States are only permitted to impose must carry obligations where they are necessary to meet clearly defined general interest objectives and where they are proportionate and transparent. Any such obligations must be subject to periodic review. It is not clear what effect this new rule will have in practice but we expect it to lead to a reduction of the size of must-carry packages in some countries.

API Standards. The Directives require Member States to encourage the use of open Application Programming Interfaces or APIs. The European Commission is required to conduct a review to ascertain whether interoperability and freedom of choice have been adequately achieved in the Member States with respect to digital interactive video services. If the European Commission reaches a negative conclusion on this issue with respect to one or more Member States, it has the power to mandate use of a particular API.

Consumer Protection Issues and Pricing Restrictions. Under the Directives, we may face various consumer protection restrictions if we are in a dominant position in a particular market. However, before the implementation of the Directives, local or national regulatory authorities in many European countries where we provide video services already imposed pricing restrictions. This is often a contractual provision rather than a regulatory requirement. Often, the relevant local or national authority must approve basic tier price increases. In certain countries, price increases will only be approved if the increase is justified by

an increase in costs associated with providing the service or if the increase is less than or equal to the increase in the consumer price index. Even in countries where rates are not regulated, subscriber fees may be challenged if they are deemed to constitute anti-competitive practices.

Other. Our European operating companies must comply with both specific and general legislation concerning data protection, content provider liability and electronic commerce. These issues are broadly harmonized at the EU level. This is an area that may become more significant over time.

Broadcasting. Broadcasting is an area outside the scope of the Directives. Generally, broadcasts originating in and intended for reception within a country must respect the laws of that country. However, pursuant to another Directive, EU Member States are required to allow broadcast signals of broadcasters in another EU Member State to be freely transmitted within their territory so long as the broadcaster complies with the law of the originating EU Member State. An international convention extends this right beyond the EU's borders into the majority of territories in which we operate. An EU directive also establishes quotas for the transmission of European-produced programming and programs made by European producers who are independent of broadcasters. The EU legal framework governing broadcast television currently is under review.

Competition Law and Other Matters

EU directives and national consumer protection and competition laws in our Western European and certain other markets impose limitations on the pricing and marketing of bundled packages of services, such as video, telephony and Internet access services. Although our businesses may offer their services in bundled packages in European markets, they are generally not permitted to make subscription to one service, such as cable television, conditional upon subscription to another service, such as telephony. In addition, providers cannot abuse or enhance a dominant market position through unfair anti-competitive behavior. For example, cross-subsidization having this effect would be prohibited.

As our businesses become larger throughout the EU and in individual countries in terms of service area coverage and number of subscribers, they may face increased regulatory scrutiny. Regulators may prevent certain acquisitions or permit them only subject to certain conditions.

Austria

Austria has recently brought into effect a communications law that broadly transposes the Directives. The NRA is in the process of analyzing the 18 predefined markets to determine if any operator or service provider has Significant Market Power. We have been notified that the regulator's intention is to define us as having Significant Market Power in the call termination market on our own telecommunications network, together with all other network operators. It is unknown if and which conditions the NRA will impose on the parties that have been determined to have Significant Market Power.

France

France has recently brought into effect a communications law that broadly transposes the Directives. The NRA is in the process of analyzing the 18 predefined markets to determine if any operator or service provider has Significant Market Power.

The Netherlands has recently brought into effect a communications law that broadly transposes the Directives. The NRA is currently analyzing the 18 predefined markets to determine if any operator or service provider has Significant Market Power, which could lead to obligations being placed on us, especially with respect to television distribution (where we faced obligations under the old regime). In the last quarter of 2004, the incumbent telecommunications operator, KPN, requested access to our network to distribute television programming. The NRA has denied the request of KPN, stating that we have no obligation to lease capacity on our network to KPN. There have been long-standing debates in The Netherlands regarding the desirability of requiring cable operators to open their networks to unaffiliated Internet service providers. To date these discussions have not led to a requirement for cable operators to offer such an access service.

The Dutch competition authority, NMA, is still investigating the price increases that we made with respect to our video services in 2004 to determine whether we abused our dominant position. If the NMA were to find that the price increases amount to an abuse of a dominant position, the NMA could impose fines of up to 10% of our 2003 video revenues in The Netherlands and we would be obliged to reconsider the price increases. Historically, in many parts of the Netherlands, we are a party to contracts with local municipalities that seek to control aspects of our Dutch business including, in some cases, pricing and package composition. Most of these contracts have been eliminated by agreement, although some contracts are still in force and under negotiation. In some cases there is litigation ongoing where some municipalities have resisted our attempts to move away from the contracts.

Chile

Cable and telephony applications for permits and concessions are submitted to the Ministry of Transportation and Telecommunications, which, through the Subsecretary of Telecommunications or Subtel, is responsible for regulating, granting permits and concessions, registering and supervising all telecommunications providers. The Antitrust Court (*Tribunal de Defensa de la Libre Competencia*) also plays an important role in regulating telecommunications in Chile through its judgments. Wireline cable television permits are non-exclusive and granted for indefinite terms. Wireless television licenses permits have renewable terms of 10 years, while telecommunication concessions (for example, fixed or mobile telephony) have renewable 30-year terms. Wireline and wireless permits and concessions require operation in accordance with a technical plan submitted by the licensee together with the permit or concession application. Our businesses have cable permits in most major and medium sized markets in Chile. Cross ownership between cable television, Internet access and telephony is also permitted.

In general, the General Telecommunications Law of Chile allows telecommunications companies to provide service and develop telecommunication infrastructure without geographic restrictions or exclusive rights to serve. Chile currently has a competitive, multi-carrier system for international and local long distance telecommunications services. Regulatory authorities currently determine prices charged to customers for local telecommunications services provided by incumbent local fixed telephony operators until the market is determined to be competitive. Charges for access (prices for terminating calls in fixed or mobile networks), other interconnection services and unbundling services are determined for all the operators, whether or not incumbent. To date, the regulatory authorities have determined prices charged to customers by the dominant local wireline telephony providers and the interconnection tariffs for several other operators. In all the cases, the authorities determine a maximum rate structure that shall be

in force for a five-year period. Local service providers with concessions are obligated to provide service to all customers that are within their service area or are willing to pay for an extension to receive service. Local providers, whether or not incumbent, must also give long distance service providers equal access to their network connections applying regulated prices.

Competition

Markets for broadband distribution, including cable and satellite distribution, Internet access and telephony services, and video programming generally are highly competitive and rapidly evolving. Consequently, our businesses expect to face increased competition in these markets in the countries in which they operate, and specifically as a result of deregulation in the EU.

Broadband Distribution

Our businesses compete directly with a wide range of providers of news, information and entertainment programming to consumers. Depending upon the country and market, these may include: (1) over-the-air broadcast television services; (2) DTH satellite service providers (systems that transmit satellite signals containing video programming, data and other information to receiving dishes of varying sizes located on the subscriber's premises); (3) satellite master antenna television systems, commonly known as SMATVs, which generally serve condominiums, apartment and office complexes and residential developments; (4) MMDS operators; (5) digital television terrestrial broadcasters; (6) other cable operators in the same communities that we serve; (7) other fixed-line telecommunications carriers and broadband providers, including the incumbent telecommunications operators, offering video products using DSL or ADSL technology or over fiber-to-the-home-networks; and (8) movie theaters, video stores and home video products. Our businesses also compete to varying degrees with more traditional sources of information and entertainment, such as newspapers, magazines, books, live entertainment/concerts and sporting events.

In some countries, our businesses face significant competition from other cable operators, while in other countries the primary competition is from DTH satellite service providers, digital television terrestrial broadcasters and/or other distributors of video programming using broadband networks. In some of our largest markets, including The Netherlands and France, we are facing increasing competition from video services offered by or over the network of the incumbent telecommunications operator. In Austria, the primary competition for video services is from satellite television service providers.

With respect to Internet access services and online content, our businesses face competition in a rapidly evolving marketplace from incumbent and non-incumbent telecommunications companies, other cable-based Internet service providers, non-cable-based Internet service providers and Internet portals, many of which have substantial resources. The Internet services offered by these competitors include both traditional dial-up Internet services and high-speed Internet access services using DSL and ADSL technology, in a range of product offerings with varying speeds and pricing, as well as interactive computer-based services, data and other non-video services to homes and businesses.

With respect to telephony services, our businesses face competition from the incumbent telecommunications operator in each country. These operators have substantially more experience in providing telephony services, greater resources to devote to the provision of telephony services and longstanding customer relationships. In many countries, our businesses also face competition from other

cable telephony providers, wireless telephony providers and indirect access providers. Competition in both the residential and business telephony markets will increase with certain market trends and regulatory changes, such as general price competition, the introduction of carrier pre-selection, number portability, continued deregulation of telephony markets, the replacement of fixed-line with mobile telephony, and the growth of VoIP services.

Programming Services

The business of providing programming for cable and satellite television distribution is highly competitive. Our programming businesses directly compete with other programmers for distribution on a limited number of channels. Once distribution is obtained, these programming services compete, to varying degrees, for viewers and advertisers with other cable and over the air broadcast television programming services as well as with other entertainment media, including home video (generally video rentals), online activities, movies and other forms of news, information and entertainment.

Employees

As of December 31, 2004, our consolidated subsidiaries and we had an aggregate of approximately 11,000 employees. We believe that our employee relations are good.

(d) Financial Information About Geographic Areas

Financial information related to the geographic areas in which we do business appears in the notes to our consolidated financial statements included in Part II of this report.

(e) Available Information

We, as a reporting company, are subject to the informational requirements of the Securities Exchange Act of 1934 (the "Exchange Act") and accordingly file our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). The public may read and copy any materials filed with the SEC at the SEC's Public Reference Room at 450 Fifth Street, NW, Washington, DC 20549. Please call the SEC at (800) SEC-0330 for further information on the Public Reference Room. As an electronic filer, our public filings are maintained on the SEC's Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of that website is <http://www.sec.gov>. In addition, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act may be accessed free of charge through our website as soon as reasonably practicable after we have electronically filed such material with, or furnished it to, the SEC. Also, our code of business conduct and ethics is available on our website and amendments to and waivers from the code of ethics will be disclosed through our website. The address of our website is <http://www.unitedglobal.com>.

ITEM 2. PROPERTIES

We lease our executive offices in Denver, Colorado. Our various operating companies lease or own their respective administrative offices, headend facilities, rights of way and other property necessary for their

operations. The physical components of our broadband networks require maintenance and periodic upgrades to support the new services and products we introduce.

Our other subsidiaries and affiliates own or lease the fixed assets necessary for the operation of their respective businesses, including office space, transponder space, headends, cable television and telecommunications distribution equipment, telecommunications switches and customer equipment (including converter boxes). Our management believes that our current facilities are suitable and adequate for our business operations for the foreseeable future.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we and our subsidiaries may become involved in litigation relating to claims arising out of our operations in the normal course of business. The following is a description of certain legal proceedings to which we or one of our subsidiaries is a party. We believe the ultimate resolution of these contingencies would not likely have a material adverse effect on our business, results of operations, financial condition or liquidity.

Movieco

On December 3, 2002, Europe Movieco Partners Limited ("Movieco") filed a request for arbitration against our indirect wholly owned subsidiary United Pan-Europe Communications N.V. ("UPC"), with the International Court of Arbitration of the International Chamber of Commerce. The request contained claims that were based on a cable affiliation agreement entered into between the parties on December 21, 1999. In the proceedings, Movieco claimed (1) unpaid license fees due under the affiliation agreement, plus interest, (2) an order for specific performance of the affiliation agreement or, in the alternative, damages for breach of that agreement, and (3) legal and arbitration costs plus interest. On January 13, 2005, the Arbitral Tribunal rendered an award in which Movieco's claim for the unpaid license fees as described above was sustained and determined that UPC must pay \$39.3 million of unpaid license fees, plus interest and legal fees of GBP 1.5 million. A total amount of \$49.3 million in settlement of the award was paid during the first quarter of 2005. All other claims and counterclaims were dismissed.

Excite@Home

In 2000, certain of our subsidiaries, including UPC, pursued a transaction with Excite@Home which, if completed, would have merged UPC's chello broadband subsidiary with Excite@Home's international broadband operations to form a European Internet business. The transaction was not completed, and discussions between the parties ended in late 2000. On November 3, 2003, we received a complaint filed on September 26, 2003, by Frank Morrow, on behalf of the General Unsecured Creditors' Liquidating Trust of At Home in the United States Bankruptcy Court for the Northern District of California, styled as *In re At Home Corporation, Frank Morrow v. UnitedGlobalCom, Inc. et al.* (Case No. 01-32495-TC). In general, the complaint alleged breach of contract and fiduciary duty by us and Old UGC. The plaintiff filed a claim in the Old UGC bankruptcy proceedings of approximately \$2.2 billion. On September 16, 2004, the Bankruptcy Court in the Old UGC bankruptcy proceedings estimated the claim against Old UGC at zero. On November 10, 2004, the Bankruptcy Court confirmed Old UGC's plan of reorganization, which provided that the claim of Excite@Home would receive no distribution and released both Old UGC and us from any liability in connection with such claim. The reorganization

became effective on November 24, 2004. On February 15, 2005, the parties involved in the California proceeding agreed to dismiss the Excite@Home complaint.

Signal

On April 26, 2002, UPC received a notice that certain former shareholders of Signal Global Communications ("Signal") filed a lawsuit against UPC in the District Court in Amsterdam, The Netherlands, claiming \$200 million on the basis that UPC failed to honor certain option rights that were granted to those shareholders in connection with the acquisition of Signal by Priority Telecom. UPC believes that it has complied in full with its obligations to these shareholders through the successful completion of the initial public offering of Priority Telecom on September 27, 2001. Accordingly, UPC believes that the Signal shareholders' claims are without merit and intends to defend this suit vigorously. In December 2003, certain members and former members of the Supervisory Board of Priority Telecom were put on notice that a tort claim may be filed against them for their cooperation in the initial public offering. A hearing was held on March 8, 2005, and a decision is expected in April 2005.

Class Action Lawsuits Relating to the Merger Transaction with LMI

Since January 18, 2005, twenty-one lawsuits have been filed in the Delaware Court of Chancery, and one lawsuit has been filed in the Denver District Court, State of Colorado, all purportedly on behalf of our public stockholders, regarding the announcement on January 18, 2005 of the execution by LMI and us of the agreement and plan of merger for the combination of our companies. The defendants named in these actions include UGC, Gene W. Schneider, Michael T. Fries, David B. Koff, Robert R. Bennett, John C. Malone, John P. Cole, Bernard G. Dvorak, John W. Dick, Paul A. Gould and Gary S. Howard (directors of UGC) and LMI. The allegations in each of the complaints, which are substantially similar, assert that the defendants have breached their fiduciary duties of loyalty, care, good faith and candor and that various defendants have engaged in self-dealing and unjust enrichment, affirmed an unfair price, and impeded or discouraged other offers for UGC or our assets in bad faith and for improper motives. In addition to seeking to enjoin the transaction, the complaints seek remedies, including damages for the public holders of our stock and an award of attorney's fees to plaintiffs' counsel. On February 11, 2005, the Delaware Court of Chancery consolidated the Delaware lawsuits. In connection with these lawsuits, defendants have been served with one request for production of documents. We believe the lawsuits are without merit.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The annual meeting of stockholders of UGC was held on November 15, 2004. At the annual meeting, three matters were considered and acted upon: (i) the election of three directors of the Company to hold office until the 2007 annual meeting of stockholders and until their respective successors are elected and qualified; (ii) the approval of an amendment to our Equity Incentive Plan for employees, directors and consultants; and (iii) the ratification of the appointment of KPMG, LLP as our independent auditors for the fiscal year ending December 31, 2004. Each of the proposals was adopted. The following is a summary of the votes for each proposal:

Election of Robert R. Bennett as Director

	For	Against	Abstain	Not Voted	Total
Class A	258,792,968	–	–	95,266,061	354,059,029
Class B	104,934,610	–	–	–	104,934,610
Class C	3,858,282,030	–	–	–	3,858,282,030
Total	4,222,009,608	–	–	95,266,061	4,317,275,669

Election of Bernard G. Dvorak as Director

	For	Against	Abstain	Not Voted	Total
Class A	267,798,869	–	–	86,260,160	354,059,029
Class B	104,934,610	–	–	–	104,934,610
Class C	3,858,282,030	–	–	–	3,858,282,030
Total	4,231,015,509	–	–	86,260,160	4,317,275,669

Election of David B. Koff as Director

	For	Against	Abstain	Not Voted	Total
Class A	267,794,334	–	–	86,264,695	354,059,029
Class B	104,934,610	–	–	–	104,934,610
Class C	3,858,282,030	–	–	–	3,858,282,030
Total	4,231,010,974	–	–	86,264,695	4,317,275,669

Amended Incentive Plan Proposal

	For	Against	Abstain	Not Voted	Total
Class A	151,858,274	128,032,954	465,511	73,702,290	354,059,029
Class B	104,934,610	–	–	–	104,934,610
Class C	3,858,282,030	–	–	–	3,858,282,030
Total	4,115,074,914	128,032,954	465,511	73,702,290	4,317,275,669

Ratification of KPMG, LLP as independent auditors

	For	Against	Abstain	Not Voted	Total
Class A	350,571,416	3,416,288	71,325	–	354,059,029
Class B	104,934,610	–	–	–	104,934,610
Class C	3,858,282,030	–	–	–	3,858,282,030
Total	4,313,788,056	3,416,288	71,325	–	4,317,275,669

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

(a) Market Information

Our Class A Common Stock trades on The Nasdaq National Market under the symbol "UCOMA." The following table shows the range of high and low sales prices of UCOMA reported on The Nasdaq National Market for the periods indicated:

	High	Low
Year ended December 31, 2003:		
First Quarter	\$ 3.22	\$ 2.20
Second Quarter	\$ 5.63	\$ 2.81
Third Quarter	\$ 7.70	\$ 4.92
Fourth Quarter	\$ 9.00	\$ 5.95
Year ended December 31, 2004:		
First Quarter	\$ 10.90	\$ 7.22
Second Quarter	\$ 8.34	\$ 6.50
Third Quarter	\$ 7.51	\$ 5.80
Fourth Quarter	\$ 9.79	\$ 7.18

(b) Holders

As of February 15, 2005, there were 176 holders of record of our Class A common stock, one holder of record of our Class B common stock and four holders of record of our Class C common stock.

(c) Dividends

We have never declared or paid cash dividends on our common stock. We do not intend to pay cash dividends on our common stock in the foreseeable future. Pursuant to the Liberty Global merger agreement, we may not pay any dividends until the mergers are completed or the merger agreement is terminated. Except for the foregoing, there are currently no restrictions on our ability to pay dividends in cash or stock.

(d) Securities Authorized for Issuance Under Equity Compensation Plans

See Item 12 – Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

(e) Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities.

On December 16, 2004, we issued 6,413,991 shares of our Class A common stock in a private transaction as consideration for our acquisition of PHL from LMI. On December 16, 2004, the closing price of our Class A common stock as reported on the Nasdaq National Market was \$9.09 per share, making the value of the transaction approximately \$58.3 million. This sale of our securities was made in reliance on the exemption from registration under the Securities Act of 1933 pursuant to section 4(2) thereof as a

transaction not involving a public offering. These shares of Class A common stock have not yet been registered.

(f) Issuer Purchases of Equity Securities

The following table sets forth our purchases of our equity securities during 2004:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Program	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Program
August 2004	283,700	\$ 6.69	283,700	\$ 98,093,000
September 2004	503,691	\$ 6.81	787,391	\$ 94,651,000
Total	787,391	\$ 6.76	787,391	\$ 94,651,000

All purchases were made pursuant to our stock repurchase program, which was announced on August 9, 2004. Our Board of Directors approved stock repurchases under this program of up to a total of \$100 million in value. All of the shares repurchased during the period covered by this table consisted of shares of our Class A common stock and were acquired through open market purchases. The repurchase program has no expiration date. Pursuant to the Liberty Global merger agreement, we may not make any further purchases of our Class A common stock until the mergers are completed or the merger agreement is terminated.

ITEM 6. SELECTED FINANCIAL DATA

In the table below, we provide you with our selected historical consolidated financial data. We prepared this information using our consolidated financial statements for the years ended December 31, 2000 through December 31, 2004. This information is only a summary, and is not necessarily comparable from period to period as a result of certain impairments, restructuring charges, gains on extinguishments of debt, acquisitions and dispositions, merger transactions, gains on issuance of common equity securities by subsidiaries and cumulative effects of changes in accounting principles. For this and other reasons, you should read it together with our historical financial statements and related notes and also with our

management's discussion and analysis of financial condition and results of operations included elsewhere herein.

Year Ended December 31,

	2004		2003		2002		2001		2000	
(In thousands, except per share data)										
Statement of Operations Data:										
Revenue	\$	2,525,446	\$	1,891,530	\$	1,515,021	\$	1,561,894	\$	1,251,034
Operating expenses		(1,014,628)		(785,132)		(789,457)		(1,062,394)		(893,682)
Selling, general and administrative expenses		(631,585)		(477,516)		(429,190)		(690,743)		(725,816)
Depreciation and amortization		(935,185)		(808,663)		(730,001)		(1,147,176)		(815,522)
Impairment of long-lived assets		(38,915)		(402,239)		(436,153)		(1,320,942)		—
Restructuring charges and other		(29,019)		(35,970)		(1,274)		(204,127)		—
Stock-based compensation		(116,661)		(38,024)		(28,228)		(8,818)		43,183
Operating loss		(240,547)		(656,014)		(899,282)		(2,872,306)		(1,140,803)
Interest income		23,823		13,054		38,315		104,696		133,297
Interest expense		(283,280)		(327,132)		(680,101)		(1,070,830)		(928,783)
Foreign currency transaction gains (losses), net		26,753		153,808		485,938		(148,192)		(215,900)
Gains on extinguishment of debt		35,787		2,183,997		2,208,782		3,447		—
Gains (losses) on sale of investments and other, net		12,325		279,442		117,262		(416,803)		6,194
Other (expense) income, net		(73,692)		(79,089)		57,781		(265,512)		117,574
Income (loss) before income taxes and other items		(498,831)		1,568,066		1,328,695		(4,665,500)		(2,028,421)
Income tax benefit (expense), net		101,105		(50,344)		(201,182)		40,661		2,897
Minority interests in losses (earnings) of subsidiaries and other, net		3,062		183,182		(67,103)		496,515		934,548
Share in results of affiliates, net		12,309		294,464		(72,142)		(386,441)		(129,914)
Income (loss) before cumulative effect of change in accounting principle		(382,355)		1,995,368		988,268		(4,514,765)		(1,220,890)
Cumulative effect of change in accounting principle		—		—		(1,344,722)		20,056		—
Net income (loss)	\$	(382,355)	\$	1,995,368	\$	(356,454)	\$	(4,494,709)	\$	(1,220,890)
Earnings per share:										
Basic earnings (loss) per share	\$	(0.50)	\$	7.41	\$	(0.84)	\$	(41.29)	\$	(12.00)
Diluted earnings (loss) per share	\$	(0.50)	\$	7.41	\$	(0.83)	\$	(41.29)	\$	(12.00)
Balance Sheet Data:										
Cash, cash equivalents, restricted cash and short- term liquid investments	\$	1,121,598	\$	337,547	\$	504,258	\$	1,085,711	\$	2,235,524
Other current assets, net		416,857		284,774		361,293		857,540		701,807
Property and equipment, net		4,193,095		3,342,743		3,640,211		3,692,485		3,880,657
Goodwill and intangible assets, net		2,615,877		2,772,067		1,264,109		2,843,922		5,154,907
Other non-current assets		786,870		362,540		161,723		558,982		1,174,057
Total assets	\$	9,134,297	\$	7,099,671	\$	5,931,594	\$	9,038,640	\$	13,146,952
Current liabilities	\$	1,422,249	\$	1,604,791	\$	7,423,688	\$	10,223,125	\$	1,553,765
Long-term portion of debt		4,844,624		3,615,902		472,671		1,643,893		9,699,121
Other long-term liabilities		375,103		383,725		917,963		456,447		66,615
Total liabilities		6,641,976		5,604,418		8,814,322		12,323,465		11,319,501
Minority interests in subsidiaries		96,378		22,761		1,402,146		1,240,665		1,884,568
Preferred stock		—		—		—		29,990		28,117
Stockholders' equity		2,395,943		1,472,492		(4,284,874)		(4,555,480)		(85,234)
Total liabilities and stockholders' equity	\$	9,134,297	\$	7,099,671	\$	5,931,594	\$	9,038,640	\$	13,146,952

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion provides additional information to the accompanying consolidated financial statements and notes to help provide an understanding of our financial condition, changes in financial condition and results of operations. This discussion is organized as follows:

- *Overview.* This section provides a general description of our business, economic and industry-wide factors relevant to us and material opportunities, challenges and risks in our business.
- *Results of Operations.* This section provides an analysis of our results of operations for all three years presented in the accompanying consolidated statements of operations.
- *Liquidity and Capital Resources.* This section provides an analysis of our sources and uses of cash, capital expenditures and the amount of financial capacity available to fund our future commitments.
- *Market Risk Management.* This section describes how we manage exposure to potential loss arising from adverse changes in interest rates, foreign exchange fluctuations and equity price fluctuations.
- *Critical Accounting Policies, Judgments and Estimates.* This section discusses those accounting policies that contain uncertainties and require significant judgment in their application.

Certain statements in this Annual Report on Form 10-K constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. To the extent that statements in this Annual Report are not recitations of historical fact, such statements constitute forward-looking statements, which, by definition, involve risks and uncertainties. In particular, statements under Item 1. Business, Item 2. Properties, Item 3. Legal Proceedings, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and Item 7A. Quantitative and Qualitative Disclosures About Market Risk contain forward-looking statements. 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. The following include some but not all of the factors that could cause actual results or events to differ materially from those anticipated:

- economic and business conditions and industry trends in the countries in which we operate;
- currency exchange risks;
- consumer disposable income and spending levels, including the availability and amount of individual consumer debt;
- consumer acceptance of existing service offerings, including our newer digital video, voice and Internet access services;
- consumer acceptance of new technology, programming alternatives and broadband services that we may offer;
- our ability to manage rapid technological changes and grow our digital video, voice and Internet access services;
- spending on foreign television advertising;
- the regulatory and competitive environment of the broadband communications and programming industries in the countries in which we, and the entities in which we have interests, operate;

- continued consolidation of the foreign broadband distribution industry;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- the expanded deployment of personal video recorders and the impact on television advertising revenue;
- capital spending for the acquisition and/or development of telecommunications networks and services;
- uncertainties associated with product and service development and market acceptance, including the development and provision of programming, for new television and telecommunications technologies;
- future financial performance, including availability, terms and deployment of capital;
- the ability of suppliers and vendors to deliver products, equipment, software and services;
- the outcome of any pending or threatened litigation;
- availability of qualified personnel;
- changes in, or failure or inability to comply with, government regulations in the countries in which we operate and adverse outcomes from regulatory proceedings;
- government intervention that opens our broadband distribution networks to competitors;
- our ability to successfully negotiate rate increases with local authorities;
- changes in the nature of key strategic relationships with partners and joint venturers;
- competitor responses to our products and services, and the products and services of the entities in which we have interests; and
- threatened terrorist attacks and ongoing military action in the Middle East and other parts of the world.

You should be aware that the video, voice and Internet access services industries are changing rapidly, and, therefore, the forward-looking statements of expectations, plans and intent in this Annual Report are subject to a greater degree of risk than similar statements regarding certain other industries.

These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this Annual 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.

Overview

We are one of the largest broadband communications providers, in terms of aggregate number of subscribers and homes passed, outside the United States. We offer a variety of broadband distribution services over our cable networks in 16 different countries, including analog video, digital video, high-speed Internet access and telephony services. We receive the majority of our revenues from subscription services. Subscribers typically pay us on a monthly basis and generally may discontinue services at any time. Monthly subscription rates and related charges vary according to the type of service selected and the type of equipment used by subscribers.

We offer a full range of analog video services. We tailor both our basic channel line-up and our additional channel offerings to each system according to culture, demographics, programming preferences and local regulation. Our analog video service offerings include basic programming and expanded basic

programming. Our digital video service offerings include basic programming, premium services and pay-per-view programming, including NVOD in some markets.

We offer high-speed Internet access services in 13 countries in Europe and three in Latin America. Residential subscribers can access the Internet via cable modems connected to their personal computers at faster speeds than that of conventional dial-up modems. Our product offerings, (branded chello in Europe and Banda Ancha in Chile), include several tiers of always on, unlimited-use services with access speeds up to 16 Mbps. We determine pricing for each different tier of service through analysis of speed, data limits and other features.

We offer telephony services in six countries in Europe and Chile, primarily over our broadband networks. In Hungary we provide the majority of our telephony services over a traditional twisted copper pair network. We began offering telephony services in the Netherlands, Hungary and Chile in 2004 through VoIP, and we plan to launch VoIP telephony services in France, Austria, Norway, Sweden, Belgium, Poland and Czech Republic in 2005. In addition to basic dial tone service, we offer a full complement of services to subscribers including caller identification, call waiting, call forwarding, call blocking, speed dial, distinctive ringing, three-way calling, voice mail and second lines.

We continue to focus on growing our subscriber base and average revenue per subscriber by rolling out bundled entertainment, information and communications services, including upgrading the quality of our networks where appropriate, leveraging the reach of our broadband distribution systems to create new content opportunities and entering into strategic alliances and acquisitions in order to increase our distribution presence and maximize operating efficiencies.

During 2004 we added a total of 552,800 RGUs (excluding acquisitions) by selling our services to new and existing customers. This growth represents a 75% increase over our growth in 2003 on an organic basis. Including the acquisition of Noos, Chorus and several other smaller acquisitions, we added a total of 2.5 million RGUs in 2004. In addition to RGU growth, we have increased ARPU through rate increases and penetration of new services. Our Internet access services have been a key factor in this growth. We plan to increase revenue and operating cash flow in 2005 through rate increases for our video services, migrating more customers to our digital offerings, which include premium programming and enhanced pay-per-view services, and increasing penetration in higher ARPU services such as high-speed Internet access and telephone services. We also plan to increase RGUs, revenue and operating cash flow through acquisitions, as well as selectively extending and upgrading our existing networks.

We believe that there is and will continue to be growth in the demand for broadband video, telephone and Internet access services in the residential and business marketplace where we do business. We believe our triple play offering of video, telephone, and broadband access to the Internet will continue to prove attractive to our existing customer base and allow us to be competitive and grow our business.

The video, telephone and Internet access businesses in which we operate are capital intensive. Significant capital expenditures are required to add customers to our networks, including expenditures for labor and equipment costs. As technology changes in the video, telephone and Internet access industries, we may need to upgrade our systems to compete effectively in markets beyond what we currently plan. We may not have enough capital available from cash on hand, existing credit facilities and cash to be generated from operations for future capital needs. Our inability to pay for costs associated with adding new

customers, expanding or upgrading our networks or making our other planned or unplanned capital expenditures could limit our growth and harm our competitive position.

The telecommunications industry is highly regulated and adverse regulation of our services and rates charged to customers could decrease the value of our assets and limit our growth. In most of our markets, regulation of video services takes the form of price controls, programming content restrictions and ownership restrictions. To operate our telephone services, we are generally required to obtain licenses from appropriate regulatory authorities and to comply with interconnection requirements. The growth of our Internet access services may decline if more extensive laws and regulations are adopted with respect to electronic commerce. We are facing increased regulatory review from competition authorities with respect to our operations in some countries because we own interests in both video distribution and Internet access systems as well as companies that provide content for video services and Internet subscribers. At the European Union level there are debates ongoing regarding the question of what rights should be afforded to third parties in terms of access to cable networks. If we are required to offer third parties access to our distribution infrastructure for the delivery of video or Internet access services without being able to specify the terms and conditions of such access, Internet access service providers could potentially provide services that compete with our services over our network infrastructure. Providing third parties access to this distribution system may also diminish the value of our assets because we may not realize a full return on the capital that we invested in the distribution system.

The broadband communications industry is subject to rapid and significant changes in technology and the effect of technological changes on our business cannot be predicted. Our ability to anticipate changes in technology and regulatory standards and to develop and introduce new and enhanced products successfully on a timely basis will affect our ability to continue to grow, increase our revenue and number of subscribers and remain competitive. Our new products are also subject in all of our markets to lack of market acceptance, delays in development and failure to operate properly or meet customer expectations.

We rely on programming suppliers for the bulk of our programming content. Payments to these suppliers represent a significant portion of our operating costs. We have various contracts to obtain basic and premium programming from program suppliers whose compensation is typically based on a fixed fee per customer or a percentage of our gross receipts for the particular service. Some program suppliers provide volume discount pricing structures or offer marketing support to us. Our programming contracts are generally for a fixed period of time and are subject to negotiated renewal. Our programming costs have increased in recent years and are expected to continue to increase due to additional programming being provided to our customers, increased costs to produce or purchase programming, inflationary increases and other factors. Increases in the cost of programming services have been offset in part by additional volume discounts as a result of our growth and our success in selling such services to our customers. Historically, we have been able to offset increased programming costs through increased prices to our customers. However, with the impact of competition and other marketplace factors, there is no assurance that we will be able to continue to do so. Generally, to the extent that a reduced number of customers receive a given channel, our costs of providing that channel in our line-up decreases under our programming agreements, although we may lose the benefit of certain volume discounts. We renegotiate the terms of our agreements with certain programmers as these agreements come due for renewal. To the extent that we are unable to reach agreement with certain programmers on terms that we believe are reasonable, we may be forced to remove such programming channels from our line-up by the programmers, which could result in a further loss of customer relationships. We may not be able to obtain sufficient high-quality programming for our digital video services on satisfactory terms or at all in order to

offer compelling digital video services. This may reduce demand for our services, thereby lowering our future revenues. It may also limit our ability to migrate customers from lower tier programming to higher tier programming, thereby inhibiting our ability to execute our business plan. We may not be able to obtain attractive programming for our video services in the local language. This could further lower our revenues and profitability.

The markets in which we operate are competitive and often are rapidly changing. We face competition today from other cable television service providers, direct-to-home satellite service providers and terrestrial television broadcasters. In the provision of telephone services, our operating companies face competition from the incumbent telecommunications operator in each country. These operators have substantially more experience in providing telephone services and have greater resources to devote to the provision of telephone services. In many countries, our operating companies also face competition from wireless telephone providers. In the provision of Internet access services and online content, we face competition from incumbent telecommunications companies and other telecommunications operators, other cable-based and non cable-based Internet service providers. The Internet services offered by these competitors include both traditional dial-up access services and high-speed access services, such as DSL. If we are unable to compete effectively, we may lose subscribers, and our growth may suffer.

We operate all of our businesses outside of the United States. Risks inherent in foreign operations include loss of revenue, property and equipment from expropriation, nationalization, war, insurrection, terrorism, general social unrest and other political risks, currency fluctuations, risks of increases in taxes and governmental royalties and fees and involuntary renegotiation of contracts with foreign governments. We are also exposed to the risk of changes in foreign and domestic laws and policies that govern operations of foreign-based companies.

From time to time we may acquire telecommunications companies, all of which are likely to be located outside of the United States. These acquired companies may not have disclosure controls and procedures or internal controls over financial reporting that are as thorough or effective as those required by U.S. securities law. While we intend to implement appropriate controls and procedures as we integrate acquired companies, we may not be able to certify as to the effectiveness of these companies' disclosure controls and procedures or internal controls over financial reporting until we have fully integrated them.

Results of Operations

Revenue

The following tables provide an analysis of our revenue by business segment for the years ended December 31, 2004, 2003 and 2002 (in thousands, except percentages). The first two columns present our consolidated revenue for each comparative period. The third and fourth columns present the U.S. dollar change and percent change, respectively, from period to period. The fifth and sixth columns present the U.S. dollar change and percent change, respectively, after removing foreign currency translation effects, or "F/X." These columns demonstrate what the revenue change would have been had exchange rates remained the same as the comparative period in the prior year. These amounts are based on the Euro for the Netherlands, Austria, France, Ireland, Belgium, chellomedia, UGC Europe corporate and other, Norwegian Krone for Norway, Swedish Krona for Sweden, Hungarian Forint for Hungary, Polish Zloty for Poland, Czech Koruna for Czech Republic, Slovak Koruna for Slovak Republic, Romanian Leu for Romania, Chilean Peso for Chile, and U.S. dollars for Brazil, Peru and other UGC corporate. Certain

percentages are denoted as not meaningful ("n/m"). At the bottom of the table we subtract the consolidated revenue from our material acquisitions in 2004, Noos and Chorus (Ireland), to present our revenue growth without the results of these new businesses.

Revenue – 2004 vs. 2003

Year Ended December 31,						
	Increase (Decrease)				Increase (Decrease) Excluding F/X Effects	
	2004	2003	\$	%	\$	%
Europe (UGC Europe):						
UPC Broadband						
The Netherlands	\$ 716,932	\$ 592,223	\$ 124,709	21.1%	\$ 60,999	10.3%
Austria	299,874	260,162	39,712	15.3%	13,268	5.1%
France (excluding Noos)	128,862	113,946	14,916	13.1%	3,532	3.1%
France (Noos)	183,930	—	183,930	—	183,930	—
Norway	112,378	95,284	17,094	17.9%	11,815	12.4%
Sweden	88,080	75,057	13,023	17.4%	5,104	6.8%
Belgium	37,472	31,586	5,886	18.6%	2,558	8.1%
Ireland	48,953	—	48,953	—	48,953	—
Total Western Europe	1,616,481	1,168,258	448,223	38.4%	330,159	28.3%
Hungary	217,507	165,450	52,057	31.5%	31,105	18.8%
Poland	108,979	85,356	23,623	27.7%	16,388	19.2%
Czech Republic	79,905	63,348	16,557	26.1%	10,262	16.2%
Slovak Republic	32,671	25,467	7,204	28.3%	3,209	12.6%
Romania	26,955	20,189	6,766	33.5%	5,532	27.4%
Total Central and Eastern Europe	466,017	359,810	106,207	29.5%	66,496	18.5%
Corporate and other	26,273	32,563	(6,290)	(19.3%)	(8,173)	(25.1%)
Total UPC Broadband	2,108,771	1,560,631	548,140	35.1%	388,482	24.9%
chellomedia						
Priority Telecom	118,956	121,330	(2,374)	(2.0%)	(12,982)	(10.7%)
Media	125,016	98,463	26,553	27.0%	15,459	15.7%
Investments	840	528	312	59.1%	239	45.3%
Total chellomedia	244,812	220,321	24,491	11.1%	2,716	1.2%
Intercompany eliminations	(138,983)	(127,055)	(11,928)	(9.4%)	381	0.3%
Total Europe	2,214,600	1,653,897	560,703	33.9%	391,579	23.7%
Latin America:						
Broadband						
Chile (VTR)	299,951	229,835	70,116	30.5%	36,314	15.8%
Brazil, Peru and other	7,883	7,789	94	1.2%	94	1.2%
Total Latin America	307,834	237,624	70,210	29.5%	36,408	15.3%
Corporate and other	3,012	9	3,003	n/m	3,003	n/m
Total UGC	\$ 2,525,446	\$ 1,891,530	\$ 633,916	33.5%	\$ 430,990	22.8%
Less Noos and Chorus			\$ (232,883)	—	\$ (232,883)	—
Total UGC, excluding Noos and Chorus			\$ 401,033	21.2%	\$ 198,107	10.5%



Revenue increased \$633.9 million, or 33.5%, for the year ended December 31, 2004 compared to the prior year. Excluding the effects of exchange rate fluctuations and our acquisition of Noos and Chorus, revenue increased \$198.1 million, or 10.5%, for the year ended December 31, 2004 compared to the prior year, due to RGU growth and increased ARPU through rate increases and penetration of new services, as detailed below:

- Revenue in the Netherlands increased 21.1% for the year ended December 31, 2004 compared to the prior year. Excluding the effects of foreign exchange fluctuations, such increase was 10.3%. ARPU increased 8.9% for the year ended December 31, 2004 compared to the prior year, primarily due to rate increases in cable television services and the impact of broadband Internet services, offset by reduced tariffs for telephone services as lower outbound interconnect rates were passed through to the consumer to maintain the product at a competitive level in the market. Growth in average RGUs of 1.3% for the year ended December 31, 2004 provided the remainder of the increase in revenue, resulting primarily from the continued successful sale of broadband Internet services, with a 22.6% increase in subscriber numbers from year to year;
- We previously announced that we would increase rates for analog video customers in The Netherlands towards a standard rate, effective January 1, 2004. As previously reported, we have been enjoined from, or have voluntarily waived, implementing these rate increases in certain cities within The Netherlands. Thus far, we have reached agreement with a vast majority of these municipalities, including the municipality of Amsterdam, allowing us to increase our cable tariffs to a standard rate of €15.20. We are currently negotiating with the other municipalities and expect a satisfactory resolution;
- Revenue in Austria increased 15.3% for the year ended December 31, 2004 compared to the prior year. Excluding the effects of foreign exchange fluctuations, such increase was 5.1%. ARPU increased 0.2% for the year ended December 31, 2004 compared to the prior year, primarily due to the penetration of broadband Internet services, as broadband Internet subscribers increased 17.9% from year to year. This Internet subscriber growth was the major contributor to an overall average RGU increase of 4.9% for the year ended December 31, 2004 compared to the prior year;
- Revenue in France, excluding Noos, increased 13.1% for the year ended December 31, 2004 compared to the prior year. Excluding the effects of foreign exchange fluctuations, revenue increased 3.1% for the year ended December 31, 2004, compared to the prior year. ARPU decreased 6.6% for the year ended December 31, 2004 compared to the prior year, primarily due to the effect of a ten-fold increase in digital television subscribers from year to year (where the incremental revenue increase for a digital customer does not offset the impact of an additional RGU in the ARPU calculation), lower tariffs from telephone services, as lower outbound interconnect rates were passed through to the customer to maintain the service at a competitive level in the market, as well as reduced outbound telephone traffic as more customers migrate from dial-up Internet access to broadband Internet access and migrate from fixed-line telephone usage to cellular phone usage. This ARPU decrease was offset by an increase in average RGUs of 10.4% for the year ended December 31, 2004 compared to the prior year, primarily driven by digital television;
- Revenue in Norway increased 17.9% for the year ended December 31, 2004 compared to the prior year. Excluding the effects of foreign exchange fluctuations, such increase was 12.4%. This increase was primarily due to ARPU increasing 9.0% for the year ended December 31, 2004 compared to the prior year, primarily due to cable television rate increases implemented in the

first quarter of 2004, as well as growth in average RGUs of 3.1% for the year ended December 31, 2004 compared to the prior year;

- Revenue in Sweden increased 17.4% for the year ended December 31, 2004 compared to the prior year. Excluding the effects of foreign exchange fluctuations, such increase was 6.8%. This increase was primarily due to an increase in average RGUs of 7.8% for the year ended December 31, 2004 compared to the prior year, reflecting the continued successful sale of digital television and broadband Internet services, offset by a decrease in ARPU of 1.0% for the year ended December 31, 2004 compared to the prior year, as a result of the movement of broadband Internet subscribers to lower tier services and the effect of a 55.1% increase in digital television subscribers from year to year (where the incremental revenue increase for a digital customer does not offset the impact of an additional RGU in the ARPU calculation);
- Revenue in Hungary increased 31.5% for the year ended December 31, 2004 compared to the prior year. Excluding the effects of foreign exchange fluctuations, such increase was 18.8%. This increase was primarily due to ARPU increasing 9.8% for the year ended December 31, 2004 compared to the prior year, and growth in average RGUs of 8.2% for the year ended December 31, 2004 compared to the prior year. This increase in ARPU and RGUs resulted primarily from the continued successful sale of broadband Internet services, as well as continued demand for DTH and analog television services;
- Revenue in Poland increased 27.7% for the year ended December 31, 2004 compared to the prior year. Excluding the effects of foreign exchange fluctuations, such increase was 19.2%. This increase was primarily due to ARPU increasing 16.9% for the year ended December 31, 2004 compared to the prior year, and to a lesser extent, growth in average RGUs of 1.9% for the year ended December 31, 2004 compared to the prior year. The increase in ARPU from year to year resulted primarily from growth in broadband Internet services, as broadband Internet subscribers increased 63.8% from year to year, in addition to price increases on analog video and broadband Internet services;
- Revenue in Czech Republic increased 26.1% for the year ended December 31, 2004 compared to the prior year. Excluding the effects of foreign exchange fluctuations, such increase was 16.2%. This increase was primarily due to ARPU increasing 7.5% for the year ended December 31, 2004 compared to the prior year, reflecting the continued successful sale of broadband Internet services and movement to higher priced tiers of analog and DTH television services, as well as growth in average RGUs of 8.1% for the year ended December 31, 2004 compared to the prior year, reflecting the continued successful penetration of DTH television services and broadband Internet services;
- Revenue for UGC Europe Corporate and other decreased 19.3% for the year ended December 31, 2004 compared to the prior year. Excluding the effects of foreign exchange fluctuations, such decrease was 25.1%, primarily as a result of lower network rental fees to Priority Telecom to maintain the service at a competitive level in the market;
- Revenue for Priority Telecom decreased 2.0% for the year ended December 31, 2004 compared to the prior year. Excluding the effects of foreign exchange fluctuations, such decrease was 10.7%, primarily as a result of declining prices in a continuing weak wholesale telephone market;
- Revenue for Media increased 27.0% for the year ended December 31, 2004 compared to the prior year. Excluding the effects of foreign exchange fluctuations, such increase was 15.7%, primarily as a result of chello broadband's agreement with UPC Broadband whereby chello broadband receives a percentage of UPC Broadband's revenue in exchange for providing

Internet access, on-line content, product development, customer support, local language portals and marketing support; and

- Revenue in Chile increased 30.5% for the year ended December 31, 2004 compared to the prior year. Excluding the effects of foreign exchange fluctuations, such increase was 15.8%. This increase was primarily due to growth in RGUs of 12.9% for the year ended December 31, 2004 compared to the prior year, due to the continued successful sale of VTR's analog cable television services, broadband Internet services and telephone services through improved direct sales, reduced churn and mass marketing initiatives. ARPU remained relatively flat from period to period due to significant competition in VTR's markets.

Year Ended December 31,						
			Increase (Decrease)		Increase (Decrease) Excluding F/X Effects	
	2003	2002	\$	%	\$	%
Europe (UGC Europe):						
UPC Broadband						
The Netherlands	\$ 592,223	\$ 459,044	\$ 133,179	29.0%	\$ 35,346	7.7%
Austria	260,162	198,189	61,973	31.3%	19,026	9.6%
France (excluding Noos)	113,946	92,441	21,505	23.3%	2,681	2.9%
Norway	95,284	76,430	18,854	24.7%	8,407	11.0%
Sweden	75,057	52,560	22,497	42.8%	9,829	18.7%
Belgium	31,586	24,646	6,940	28.2%	1,725	7.0%
Total Western Europe	1,168,258	903,310	264,948	29.3%	77,014	8.5%
Hungary	165,450	124,046	41,404	33.4%	20,095	16.2%
Poland	85,356	76,090	9,266	12.2%	5,402	7.1%
Czech Republic	63,348	44,337	19,011	42.9%	9,976	22.5%
Slovak Republic	25,467	18,852	6,615	35.1%	1,866	9.9%
Romania	20,189	16,119	4,070	25.2%	4,803	29.8%
Total Central and Eastern Europe	359,810	279,444	80,366	28.8%	42,142	15.1%
Germany	–	28,069	(28,069)	(100%)	(28,069)	(100%)
Corporate and other	32,563	35,139	(2,576)	(7.3%)	(8,504)	(24.2%)
Total UPC Broadband	1,560,631	1,245,962	314,669	25.3%	82,583	6.6%
chellomedia						
Priority Telecom	121,330	112,637	8,693	7.7%	(11,376)	(10.1%)
Media	98,463	69,372	29,091	41.9%	12,834	18.5%
Investments	528	465	63	13.5%	(25)	(5.4%)
Total chellomedia	220,321	182,474	37,847	20.7%	1,433	0.8%
Intercompany eliminations	(127,055)	(108,695)	(18,360)	(16.9%)	2,609	2.4%
Total Europe	1,653,897	1,319,741	334,156	25.3%	86,625	6.6%
Latin America:						
Broadband						
Chile (VTR)	229,835	186,426	43,409	23.3%	42,319	22.7%
Brazil, Peru and other	7,789	7,011	778	11.1%	778	11.1%
Total Latin America	237,624	193,437	44,187	22.8%	43,097	22.3%
Corporate and other	9	1,843	(1,834)	n/m	(1,834)	n/m
Total UGC	\$ 1,891,530	\$ 1,515,021	\$ 376,509	24.9%	\$ 127,888	8.4%
Less Germany			\$ 28,069	–	\$ 28,069	–
Total UGC, excluding Germany			\$ 404,578	27.2%	\$ 155,957	10.5%

Revenue increased \$376.5 million, or 24.9%, for the year ended December 31, 2003 compared to the prior year. Excluding the effects of exchange rate fluctuations and the deconsolidation of our business in Germany, revenue increased \$156.0 million, or 10.5%, for the year ended December 31, 2003 compared to the prior year, due to RGU growth and increased ARPU through rate increases and penetration of new services, as detailed below:

- Revenue in the Netherlands increased 29.0% for the year ended December 31, 2003 compared to the prior year. Excluding the effects of foreign exchange fluctuations, such increase was 7.7%. ARPU increased 6.8% for the year ended December 31, 2003 compared to the same period in the prior year, primarily due to rate increases in cable television services, as well as growth in average RGUs of 0.9% for the year ended December 31, 2003 compared to the prior year;
- Revenue in Austria increased 31.3% for the year ended December 31, 2003 compared to the prior year. Excluding the effects of foreign exchange fluctuations, such increase was 9.6%. ARPU increased 3.4% for the year ended December 31, 2003 compared to the prior year, primarily due to the penetration of broadband Internet services, as broadband Internet subscribers increased 15.9% from year to year. This broadband Internet subscriber growth was a major contributor to an overall average RGU increase of 6.0% for the year ended December 31, 2003 compared to the prior year;
- Revenue in France increased 23.3% for the year ended December 31, 2003 compared to the prior year. Excluding the effects of foreign exchange fluctuations, revenue increased 2.9% for the year ended December 31, 2003 compared to the prior year. ARPU decreased 0.6% for the year ended December 31, 2003 compared to the prior year, as a result of increased penetration of broadband Internet services, offset by lower telephony revenue and an increase in the proportion of lower price subscribers within the total number of subscribers for analog television services. This ARPU decrease was offset by an increase in average RGUs of 3.5% for the year ended December 31, 2003 compared to the prior year, primarily driven by broadband Internet and analog television services growth;
- Revenue in Norway increased 24.7% for the year ended December 31, 2003 compared to the prior year. Excluding the effects of foreign exchange fluctuations, such increase was 11.0%. This increase was primarily due to ARPU increasing 5.2% for the year ended December 31, 2003 compared to the prior year, and growth in average RGUs of 5.6% for the year ended December 31, 2003 compared to the prior year, primarily driven by broadband Internet and digital television services growth;
- Revenue in Sweden increased 42.8% for the year ended December 31, 2003 compared to the prior year. Excluding the effects of foreign exchange fluctuations, such increase was 18.7%. This increase was primarily due to ARPU increasing 9.5% for the year ended December 31, 2003 compared to the prior year and growth in average RGUs of 8.5% for the year ended December 31, 2003 compared to the prior year, primarily driven by broadband Internet and digital television services growth;
- Revenue in Hungary increased 33.4% for the year ended December 31, 2003 compared to the prior year. Excluding the effects of foreign exchange fluctuations, such increase was 16.2%. This increase was primarily due to ARPU increasing 8.8% for the year ended December 31, 2003 compared to the prior year, and growth in average RGUs of 6.9% for the year ended December 31, 2004 compared to the prior year. The increase in RGUs reflected the strong demand for broadband Internet, DTH and analog services, with the increase in ARPU resulting from the increased penetration of broadband Internet services and DTH television services, as

subscribers for these services increased 47.1% and 30.3% from year to year, respectively, within the overall RGU increase;

- Revenue in Poland increased 12.2% for the year ended December 31, 2003 compared to the prior year. Excluding the effects of foreign exchange fluctuations, such increase was 7.1%. This increase was primarily due to ARPU increasing 7.0% for the year ended December 31, 2003 compared to the prior year, and to a lesser extent, growth in average RGUs of 0.1% for the year ended December 31, 2003 compared to the prior year. The increase in ARPU from year to year resulted primarily from growth in broadband Internet services, as broadband Internet subscribers increased 134.5% from year to year;
- Revenue in Czech Republic increased 42.9% for the year ended December 31, 2003 compared to the prior year. Excluding the effects of foreign exchange fluctuations, such increase was 22.5%. This increase was primarily due to ARPU increasing 18.9% for the year ended December 31, 2003 compared to the prior year, and growth in average RGUs of 3.1% for the year ended December 31, 2003 compared to the prior year. This increase in ARPU and RGUs resulted primarily from the penetration of broadband Internet services and DTH television services, as subscribers for these services increased 66.0% and 47.5%, respectively, from year to year within the overall RGU increase;
- Revenue for UGC Europe Corporate and other decreased 7.3% for the year ended December 31, 2003 compared to the prior year. Excluding the effects of foreign exchange fluctuations, such decrease was 24.2%, primarily as a result of lower network rental fees to Priority Telecom to maintain the service at a competitive level in the market;
- Revenue for Priority Telecom increased 7.7% for the year ended December 31, 2003 compared to the prior year. Excluding the effects of foreign exchange fluctuations, revenue decreased 10.1%, primarily as a result of discontinued residential revenue, termination of certain interconnect revenue and price erosion and customer cancellations in a continuing weak wholesale market;
- Revenue for Media increased 41.9% for the year ended December 31, 2003 compared to the prior year. Excluding the effects of foreign exchange fluctuations, such increase was 18.5%, primarily as a result of chello broadband's agreement with UPC Broadband whereby chello broadband receives a percentage of UPC Broadband's revenue in exchange for providing Internet access, on-line content, product development, customer support, local language portals and marketing support; and
- Revenue in Chile increased 23.3% for the year ended December 31, 2003 compared to the prior year. Excluding the effects of foreign exchange fluctuations, such increase was 22.7%. This increase was primarily due to growth in overall RGUs of 16.4% for the year ended December 31, 2003 primarily due to increased effectiveness of VTR's direct sales force and mass marketing initiatives for its Internet services, increased premium tier customers and a decrease in promotions and price discounts.

Operating Expense

Operating expense includes programming, network operations, customer operations, customer care and other direct costs. The following tables provide an analysis of our operating expense by business segment for the years ended December 31, 2004, 2003 and 2002 (in thousands, except percentages). The first two columns present our consolidated operating expense for each comparative period. The third and fourth columns present the U.S dollar change and percent change, respectively, from period to period. The fifth and sixth columns present the U.S. dollar change and percent change, respectively, after removing foreign currency translation effects. These columns demonstrate what the change in operating expense would have been had exchange rates remained the same as the comparative period in the prior year. These amounts are based on the Euro for the Netherlands, Austria, France, Ireland, Belgium, chellomedia, UGC Europe corporate and other, Norwegian Krone for Norway, Swedish Krona for Sweden, Hungarian Forint for Hungary, Polish Zloty for Poland, Czech Koruna for Czech Republic, Slovak Koruna for Slovak Republic, Romanian Leu for Romania, Chilean Peso for Chile, and U.S. dollars for Brazil, Peru and other UGC corporate. At the bottom of the table we subtract the consolidated operating expense from our material acquisitions in 2004, Noos and Chorus (Ireland), to present the change in operating expense without the results of these new businesses.

Year Ended December 31,						
		Increase (Decrease)		Increase (Decrease) Excluding F/X Effects:		
2004	2003	\$	%	\$	%	
Europe (UGC Europe)						
UPC Broadband						
The Netherlands	\$ 243,975	\$ 229,653	\$ 14,322	6.2%	\$ (8,038)	(3.5%)
Austria	136,675	118,457	18,218	15.4%	5,686	4.8%
France (other than Noos)	76,558	67,160	9,398	14.0%	2,351	3.5%
France (Noos)	92,076	—	92,076	—	92,076	—
Norway	57,462	49,422	8,040	16.3%	5,239	10.6%
Sweden	37,931	30,416	7,515	24.7%	3,984	13.1%
Belgium	14,994	13,466	1,528	11.3%	148	1.1%
Ireland	11,451	—	11,451	—	11,451	—
Total Western Europe	671,122	508,574	162,548	32.0%	112,897	22.2%
Hungary	98,681	77,653	21,028	27.1%	11,182	14.4%
Poland	52,434	41,165	11,269	27.4%	7,533	18.3%
Czech Republic	32,372	26,801	5,571	20.8%	2,921	10.9%
Slovak Republic	13,311	10,872	2,439	22.4%	783	7.2%
Romania	11,033	9,250	1,783	19.3%	1,711	18.5%
Total Central and Eastern Europe	207,831	165,741	42,090	25.4%	24,130	14.6%
Corporate and other	34,268	22,052	12,216	55.4%	9,063	41.1%
Total UPC Broadband	913,221	696,367	216,854	31.1%	146,090	21.0%
chellomedia						
Priority Telecom	73,753	72,597	1,156	1.6%	(5,590)	(7.7%)
Media	34,443	31,073	3,370	10.8%	218	0.7%
Total chellomedia	108,196	103,670	4,526	4.4%	(5,372)	(5.2%)
Intercompany eliminations	(128,611)	(117,423)	(11,188)	(9.5%)	587	0.5%
Total Europe	892,806	682,614	210,192	30.8%	141,305	20.7%
Latin America:						
Broadband						
Chile (VTR)	116,131	96,965	19,166	19.8%	5,818	6.0%
Brazil, Peru and other	5,691	5,553	138	2.5%	138	2.5%
Total Latin America	121,822	102,518	19,304	18.8%	5,956	5.8%
Total UGC	\$ 1,014,628	\$ 785,132	\$ 229,496	29.2%	\$ 147,261	18.8%
Less Noos and Chorus		\$ (103,527)	—	\$ (103,527)	—	
Total UGC, excluding Noos and Chorus		\$ 125,969	16.0%	\$ 43,734	5.6%	

Operating expense increased \$229.5 million, or 29.2%, for the year ended December 31, 2004 compared to the prior year. Excluding the effects of exchange rate fluctuations and the Noos and Chorus acquisitions, operating expense increased \$43.7 million, or 5.6%, for the year ended December 31, 2004 compared to the prior year.

Operating expense for UPC Broadband increased 31.1% for the year ended December 31, 2004 compared to the prior year. Excluding the effects of exchange rate fluctuations and the Noos and Chorus acquisitions, UPC Broadband operating expense increased 6.1%, for the year ended December 31, 2004 compared to the prior year, primarily due to:

- (i) an increase of \$27.0 million in customer operation expenses as a result of higher numbers of new and reconnecting subscribers during 2004 compared to the prior year. This higher activity level required additional staff and outsourced contractors;
- (ii) an increase of \$26.5 million in direct programming costs related to subscriber growth and in certain markets, an increase in channels on the analog and digital platforms. This amount includes the impact of a \$16.1 million contract termination cost during the fourth quarter of 2004;
- (iii) an increase of \$9.7 million in intercompany costs for broadband Internet services under the revenue sharing agreement between UPC Broadband and chellomedia which increased broadband internet revenue; and
- (iv) customary annual wage increases.

These increases were partially offset by decreases in operating expense resulting from:

- (i) net cost reductions of \$15.0 million across network operations, customer care and billing and collection activities. This reduction was due to improved cost controls across all aspects of the business, including more effective procurement of support services, lower billing and collections charges, with bad debt charges in particular reduced in the Netherlands, and the increasing operational leverage of the business;
- (ii) reduced telephone direct costs of \$5.8 million during the year ended December 31, 2004 compared to the prior year primarily due to decreases in outbound interconnect rates; and
- (iii) cost savings in The Netherlands through a restructuring plan implemented in the second quarter of 2004 whereby the management structure was changed from a three-region model to a centralized management organization.

Operating expense for VTR increased 19.8% for the year ended December 31, 2004 compared to the prior year. Excluding the effects of positive foreign exchange fluctuations, such increase was 6.0%, primarily due to increases in variable costs such as domestic and international access charges, programming costs, maintenance and technical services, all driven by RGU growth.

Year Ended December 31,							
				Increase (Decrease)		Increase (Decrease) Excluding F/X Effects:	
		2003	2002	\$	%	\$	%
Europe (UGC Europe)							
UPC Broadband							
The Netherlands	\$	229,653	\$ 251,614	\$ (21,961)	(8.7%)	\$ (58,878)	(23.4%)
Austria		118,457	100,849	17,608	17.5%	(1,412)	(1.4%)
France (other than Noos)		67,160	72,120	(4,960)	(6.9%)	(15,794)	(21.9%)
Norway		49,422	43,461	5,961	13.7%	695	1.6%
Sweden		30,416	26,683	3,733	14.0%	(987)	(3.7%)
Belgium		13,466	7,377	6,089	82.5%	3,925	53.2%
Total Western Europe		508,574	502,104	6,470	1.3%	(72,451)	(14.4%)
Hungary		77,653	61,815	15,838	25.6%	6,243	10.1%
Poland		41,165	41,780	(615)	(1.5%)	(2,256)	(5.4%)
Czech Republic		26,801	25,546	1,255	4.9%	(2,452)	(9.6%)
Slovak Republic		10,872	9,708	1,164	12.0%	(835)	(8.6%)
Romania		9,250	5,983	3,267	54.6%	3,249	54.3%
Total Central and Eastern Europe		165,741	144,832	20,909	14.4%	3,949	2.7%
Germany		–	14,332	(14,332)	(100%)	(14,332)	(100%)
Corporate and other		22,052	330	21,722	n/m	18,168	n/m
Total UPC Broadband		696,367	661,598	34,769	5.3%	(64,666)	(9.8%)
chellomedia							
Priority Telecom		72,597	87,426	(14,829)	(17.0%)	(26,490)	(30.3%)
Media		31,073	40,360	(9,287)	(23.0%)	(14,287)	(35.4%)
Investments		–	839	(839)	(100%)	(839)	(100%)
Total chellomedia		103,670	128,625	(24,955)	(19.4%)	(41,616)	(32.4%)
Intercompany eliminations		(117,423)	(96,762)	(20,661)	(21.4%)	(1,742)	(1.8%)
Total Europe		682,614	693,461	(10,847)	(1.6%)	(108,024)	(15.6%)
Latin America:							
Broadband							
Chile (VTR)		96,965	93,243	3,722	4.0%	3,730	4.0%
Brazil, Peru and other		5,553	2,753	2,800	101.7%	2,800	101.7%
Total Latin America		102,518	95,996	6,522	6.8%	6,530	6.8%
Total UGC	\$	785,132	\$ 789,457	\$ (4,325)	(0.5%)	\$ (101,494)	(12.9%)
Less Germany				\$ 14,332	–	\$ 14,332	–
Total UGC, excluding Germany				\$ 10,007	1.3%	\$ (87,162)	(11.2%)

Operating expense decreased \$4.3 million, or 0.5%, for the year ended December 31, 2003 compared to the prior year. Excluding the effects of exchange rate fluctuations and the deconsolidation of our business in Germany, operating expense decreased \$87.2 million, or 11.2%, for the year ended December 31, 2003 compared to the prior year.

Operating expense for UPC Broadband increased 5.3% for the year ended December 31, 2003 compared to the prior year. Excluding the effects of exchange rate fluctuations and the deconsolidation of Germany, operating expense decreased 7.8% for the year ended December 31, 2003 compared to the prior year, primarily due to:

- (i) a decrease of \$23.8 million in billing and collection charges, reflecting improved receivables management and lower bad debt charges, particularly in the Netherlands and France, where reduced bad debt charges accounted for over 75% of the total reduction;
- (ii) a decrease of \$13.7 million in telephone outbound interconnect costs, which offset a \$13.6 million increase in intercompany cost for broadband Internet services under the revenue sharing agreement between UPC Broadband and chellomedia that flowed from the increase in broadband Internet revenue;
- (iii) a decrease of \$3.2 million in programming costs, due to a year over year reduction in the DTH business from the closure of an uplink facility, which outweighed the impact of subscriber growth; and
- (iv) a decrease of \$26.8 million in other direct costs, reflecting the benefit of improved cost control across all aspects of the business, including the benefit of restructuring activities, other cost cutting initiatives, continued improvements in processes and systems and organizational rationalization. More effective procurement processes resulted in more favorable terms from major vendors.

Operating expense for VTR increased 4.0% for the year ended December 31, 2003 compared to the prior year, primarily due to increases in variable costs such as domestic and international access charges, maintenance and technical services, all driven by RGU growth.

Selling, General and Administrative Expense

SG&A expense includes human resources, information technology, general services, management, finance, legal and marketing costs and other general expenses. The following tables provide an analysis of our SG&A expense by business segment for the years ended December 31, 2004, 2003 and 2002 (in thousands, except percentages). The first two columns present our consolidated SG&A expense for each comparative period. The third and fourth columns present the U.S dollar change and percent change, respectively, from period to period. The fifth and sixth columns present the U.S. dollar change and percent change, respectively, after removing foreign currency translation effects. These columns demonstrate what the change in SG&A expense would have been had exchange rates remained the same as the comparative period in the prior year. These amounts are based on the Euro for the Netherlands, Austria, France, Ireland, Belgium, chellomedia, UGC Europe corporate and other, Norwegian Krone for Norway, Swedish Krona for Sweden, Hungarian Forint for Hungary, Polish Zloty for Poland, Czech Koruna for Czech Republic, Slovak Koruna for Slovak Republic, Romanian Leu for Romania, Chilean Peso for Chile, and U.S. dollars for Brazil, Peru and other UGC corporate. At the bottom of the table we

subtract the consolidated SG&A expense from our material acquisitions in 2004, Noos and Chorus (Ireland), to present the change in SG&A expense without the results of these new businesses.

SG&A – 2004 vs. 2003

Year Ended December 31,						
		Increase (Decrease)		Increase (Decrease) Excluding F/X Effects		
	2004	2003	\$	%	\$	%
Europe (UGC Europe):						
UPC Broadband						
The Netherlands	\$ 111,692	\$ 95,495	\$ 16,197	17.0%	\$ 6,016	6.3%
Austria	51,249	43,427	7,822	18.0%	3,344	7.7%
France (other than Noos)	39,399	32,866	6,533	19.9%	3,188	9.7%
France (Noos)	51,069	—	51,069	—	51,069	—
Norway	17,850	17,949	(99)	(0.6%)	(808)	(4.5%)
Sweden	16,728	12,814	3,914	30.5%	2,345	18.3%
Belgium	5,727	5,814	(87)	(1.5%)	(593)	(10.2%)
Ireland	25,707	—	25,707	—	25,707	—
Total Western Europe	319,421	208,365	111,056	53.3%	90,268	43.3%
Hungary	32,408	24,440	7,968	32.6%	4,839	19.8%
Poland	20,230	19,305	925	4.8%	(483)	(2.5%)
Czech Republic	13,645	11,890	1,755	14.8%	642	5.4%
Slovak Republic	5,594	3,977	1,617	40.7%	919	23.1%
Romania	3,944	3,008	936	31.1%	(120)	(4.0%)
Total Central and Eastern Europe	75,821	62,620	13,201	21.1%	5,797	9.3%
Corporate and other	75,609	56,602	19,007	33.6%	13,358	23.6%
Total UPC Broadband	470,851	327,587	143,264	43.7%	109,423	33.4%
chellomedia						
Priority Telecom	28,020	34,203	(6,183)	(18.1%)	(8,482)	(24.8%)
Media	54,238	44,516	9,722	21.8%	5,075	11.4%
Investments	1,342	1,561	(219)	(14.0%)	(340)	(21.8%)
Total chellomedia	83,600	80,280	3,320	4.1%	(3,747)	(4.7%)
Intercompany eliminations	(10,372)	(9,632)	(740)	(7.7%)	(206)	(2.1%)
Total Europe	544,079	398,235	145,844	36.6%	105,470	26.5%
Latin America:						
Broadband						
Chile (VTR)	75,068	62,919	12,149	19.3%	3,775	6.0%
Brazil, Peru and other	1,766	2,149	(383)	(17.8%)	(383)	(17.8%)
Total Latin America	76,834	65,068	11,766	18.1%	3,392	5.2%
Corporate and other	10,672	14,213	(3,541)	(24.9%)	(3,541)	(24.9%)
Total UGC	\$ 631,585	\$ 477,516	\$ 154,069	32.3%	\$ 105,321	22.1%
Less Noos and Chorus			\$ (76,776)	—	\$ (76,776)	—
Total UGC, excluding Noos and Chorus			\$ 77,293	16.2%	\$ 28,545	6.0%



SG&A expense increased \$154.1 million, or 32.3%, for the year ended December 31, 2004 compared to the prior year. Excluding the effects of exchange rate fluctuations and the Noos and Chorus acquisitions, SG&A expense increased \$28.5 million, or 6.0%, for the year ended December 31, 2004 compared to prior year.

SG&A expense for UPC Broadband increased 43.7% for the year ended December 31, 2004 compared to the prior year. Excluding the effects of exchange rate fluctuations and the Noos and Chorus acquisitions, UPC Broadband's SG&A expense increased 10.0% for the year ended December 31, 2004 compared to the prior year, primarily due to:

- (i) an increase of \$24.6 million in marketing expenditures to support subscriber growth and new digital programming services;
- (ii) higher legal, accounting and other professional advisory fees due, in part, to requirements of the Sarbanes-Oxley Act of 2002;
- (iii) customary annual wage increases; and
- (iv) increased consulting and other information technology support costs associated with the implementation of new customer care systems in several countries and our subscriber management system in Austria.

These increases were partly offset by continuing cost control across all aspects of the business and cost savings resulting from The Netherlands' restructuring that was implemented during the second quarter of 2004.

SG&A expense for VTR increased 19.3% for the year ended December 31, 2004 compared to prior year. Excluding the effects of foreign exchange fluctuations, such increase was 6.0%, primarily due to an increase in commissions and marketing costs as a result of RGU growth and increased competition, annual wage increases and higher legal, accounting and other professional advisory fees due in part to requirements of the Sarbanes-Oxley Act of 2002.

Year Ended December 31,							
				Increase (Decrease)		Increase (Decrease) Excluding F/X Effects	
	2003	2002	\$	%	\$	%	
Europe (UGC Europe):							
UPC Broadband							
The Netherlands	\$ 95,495	\$ 88,101	\$ 7,394	8.4%	\$ (9,691)	(11.0%)	
Austria	43,427	32,678	10,749	32.9%	2,680	8.2%	
France (other than Noos)	32,866	30,767	2,099	6.8%	(3,538)	(11.5%)	
Norway	17,949	15,934	2,015	12.6%	(271)	(1.7%)	
Sweden	12,814	9,973	2,841	28.5%	209	2.1%	
Belgium	5,814	8,929	(3,115)	(34.9%)	(679)	(7.6%)	
Total Western Europe	208,365	186,382	21,983	11.8%	(11,290)	(6.1%)	
Hungary	24,440	20,744	3,696	17.8%	41	0.2%	
Poland	19,305	18,516	789	4.3%	(352)	(1.9%)	
Czech Republic	11,890	9,550	2,340	24.5%	487	5.1%	
Slovak Republic	3,977	4,204	(227)	(5.4%)	(1,022)	(24.3%)	
Romania	3,008	3,557	(549)	(15.4%)	381	10.7%	
Total Central and Eastern Europe	62,620	56,571	6,049	10.7%	(465)	(0.8%)	
Germany	–	1,175	(1,175)	(100%)	(1,175)	(100%)	
Corporate and other	56,602	60,536	(3,934)	(6.5%)	(14,105)	(23.3%)	
Total UPC Broadband	327,587	304,664	22,923	7.5%	(27,035)	(8.9%)	
chellomedia							
Priority Telecom	34,203	29,020	5,183	17.9%	(813)	(2.8%)	
Media	44,516	33,863	10,653	31.5%	3,183	9.4%	
Investments	1,561	–	1,561	–	1,561	–	
Total chellomedia	80,280	62,883	17,397	27.7%	3,931	6.3%	
Intercompany eliminations	(9,632)	(11,933)	2,301	19.3%	4,351	36.5%	
Total Europe	398,235	355,614	42,621	12.0%	(18,753)	(5.3%)	
Latin America:							
Broadband							
Chile (VTR)	62,919	51,224	11,695	22.8%	11,321	22.1%	
Brazil, Peru and other	2,149	6,603	(4,454)	(67.5%)	(4,457)	(67.5%)	
Total Latin America	65,068	57,827	7,241	12.5%	6,864	11.9%	
Corporate and other	14,213	15,749	(1,536)	(9.8%)	(1,543)	(9.8%)	
Total UGC	\$ 477,516	\$ 429,190	\$ 48,326	11.3%	\$ (13,432)	(3.1%)	
Less Germany			\$ 1,175	–	\$ 1,175	–	
Total UGC, excluding Germany			\$ 49,501	11.6%	\$ (12,257)	(2.9%)	

SG&A expense increased \$48.3 million, or 11.3%, for the year ended December 31, 2003 compared to the prior year. Excluding the effects of exchange rate fluctuations and the deconsolidation of our business in Germany, SG&A expenses decreased \$12.3 million, or 2.9%, for the year ended December 31, 2003 compared to prior year.

SG&A expense for UPC Broadband increased 7.5%, for the year ended December 31, 2003 compared to the prior year. Excluding the effects of exchange rate fluctuations and the deconsolidation of Germany, SG&A expense decreased 8.5% for the year ended December 31, 2003 compared to the prior year, primarily due to improved operational cost control through restructuring activities and other cost cutting activities, which more than offset the year on year increase in marketing expenditures to support subscriber growth.

SG&A expense for VTR increased 22.8% for the year ended December 31, 2003 compared to the prior year. Excluding the effects of foreign exchange fluctuations, SG&A expense increased 22.1%, primarily due to an increase in commissions and marketing costs as a result of RGU growth and increased competition, annual wage increases and higher professional advisory fees.

Operating Cash Flow

Operating Cash Flow is the primary measure used by our chief operating decision makers to evaluate segment operating performance and to decide how to allocate resources to segments. As we use the term, Operating Cash Flow is defined as revenue less operating, selling, general and administrative expenses (excluding depreciation and amortization, impairment of long-lived assets, restructuring charges and other and stock-based compensation). We believe Operating Cash Flow is meaningful because it provides investors a means to evaluate the operating performance of our segments and our company on an ongoing basis using criteria that is used by our internal decision makers. Our internal decision makers believe Operating Cash Flow is a meaningful measure and is superior to other available GAAP measures because it represents a transparent view of our recurring operating performance and allows management to readily view operating trends, perform analytical comparisons and benchmarking between segments in the different countries in which we operate and identify strategies to improve operating performance. For example, our internal decision makers believe that the inclusion of impairment and restructuring charges within Operating Cash Flow distorts their ability to efficiently assess and view the core operating trends in our segments. In addition, our internal decision makers believe our measure of Operating Cash Flow is important because analysts and investors use it to compare our performance to other companies in our industry. We reconcile the total of the reportable segments' Operating Cash Flow to our consolidated net income as presented in our consolidated statements of operations, because we believe consolidated net income is the most directly comparable financial measure to total segment operating performance. Investors should view Operating Cash Flow as a supplement to, and not a substitute for, operating income, net income, cash flow from operating activities and other GAAP measures of income as a measure of operating performance. Please refer to our segment information in the accompanying notes to our audited consolidated financial statements for a reconciliation of total segment Operating Cash Flow to consolidated net income (loss).

The following tables provide an analysis of our Operating Cash Flow by business segment for the years ended December 31, 2004, 2003 and 2002 (in thousands, except percentages). The first two columns present our consolidated Operating Cash Flow for each comparative period. The third and fourth columns present the U.S dollar change and percent change, respectively, from period to period. The fifth and sixth columns present the U.S. dollar change and percent change, respectively, after removing foreign currency translation effects. These columns demonstrate what the Operating Cash Flow change would have been had exchange rates remained the same as the comparative period in the prior year. These amounts are based on the Euro for the Netherlands, Austria, France, Belgium, Ireland, chellomedia, UGC Europe corporate and other, Norwegian Krone for Norway, Swedish Krona for Sweden, Hungarian Forint for Hungary, Polish Zloty for Poland, Czech Koruna for Czech Republic, Slovak Koruna for Slovak Republic, Romanian Leu for Romania, Chilean Peso for Chile, and U.S. dollars for Brazil, Peru and other UGC corporate. At the bottom of the table we subtract the consolidated operating cash flow from our material acquisitions in 2004, Noos and Chorus (Ireland), to present our operating cash flow growth without the results of these new businesses.

Year Ended December 31,						
			Increase (Decrease)		Increase (Decrease) Excluding F/X Effects	
	2004	2003	\$	%	\$	%
Europe (UGC Europe):						
UPC Broadband						
The Netherlands	\$ 361,265	\$ 267,075	\$ 94,190	35.3%	\$ 63,021	23.6%
Austria	111,950	98,278	13,672	13.9%	4,238	4.3%
France (other than Noos)	12,905	13,920	(1,015)	(7.3%)	(2,007)	(14.4%)
France (Noos)	40,785	–	40,785	–	40,785	–
Norway	37,066	27,913	9,153	32.8%	7,384	26.5%
Sweden	33,421	31,827	1,594	5.0%	(1,225)	(3.8%)
Belgium	16,751	12,306	4,445	36.1%	3,003	24.4%
Ireland	11,795	–	11,795	–	11,795	–
Total Western Europe	625,938	451,319	174,619	38.7%	126,994	28.1%
Hungary	86,418	63,357	23,061	36.4%	15,084	23.8%
Poland	36,315	24,886	11,429	45.9%	9,338	37.5%
Czech Republic	33,888	24,657	9,231	37.4%	6,699	27.2%
Slovak Republic	13,766	10,618	3,148	29.6%	1,507	14.2%
Romania	11,978	7,931	4,047	51.0%	3,941	49.7%
Total Central and Eastern Europe	182,365	131,449	50,916	38.7%	36,569	27.8%
Corporate and other	(83,604)	(46,091)	(37,513)	(81.4%)	(30,594)	(66.4%)
Total UPC Broadband	724,699	536,677	188,022	35.0%	132,969	24.8%
chellomedia						
Priority Telecom	17,183	14,530	2,653	18.3%	1,090	7.5%
Media	36,335	22,874	13,461	58.8%	10,166	44.4%
Investments	(502)	(1,033)	531	51.4%	579	56.1%
Total chellomedia	53,016	36,371	16,645	45.8%	11,835	32.5%
Total Europe	777,715	573,048	204,667	35.7%	144,804	25.3%
Latin America:						
Broadband						
Chile (VTR)	108,752	69,951	38,801	55.5%	26,721	38.2%
Brazil, Peru and other	426	87	339	389.7%	339	389.7%
Total Latin America	109,178	70,038	39,140	55.9%	27,060	38.6%
Corporate and other	(7,660)	(14,204)	6,544	46.1%	6,544	46.1%
Total UGC	\$ 879,233	\$ 628,882	\$ 250,351	39.8%	\$ 178,408	28.4%
Less Noos and Chorus			\$ (52,580)	–	\$ (52,580)	–
Total UGC, excluding Noos and Chorus			\$ 197,771	31.4%	\$ 125,828	20.0%

Year Ended December 31,							
		Increase (Decrease)				Increase (Decrease) Excluding F/X Effects	
				\$	%	\$	%
2003	2002						
Europe (UGC Europe):							
UPC Broadband							
The Netherlands	\$ 267,075	\$ 119,329	\$ 147,746	123.8%	\$ 103,915	87.1%	
Austria	98,278	64,662	33,616	52.0%	17,758	27.5%	
France (other than Noos)	13,920	(10,446)	24,366	233.3%	22,013	210.7%	
Norway	27,913	17,035	10,878	63.9%	7,983	46.9%	
Sweden	31,827	15,904	15,923	100.1%	10,607	66.7%	
Belgium	12,306	8,340	3,966	47.6%	(1,521)	(18.2%)	
Total Western Europe	451,319	214,824	236,495	110.1%	160,755	74.8%	
Hungary	63,357	41,487	21,870	52.7%	13,811	33.3%	
Poland	24,886	15,794	9,092	57.6%	8,010	50.7%	
Czech Republic	24,657	9,241	15,416	166.8%	11,941	129.2%	
Slovak Republic	10,618	4,940	5,678	114.9%	3,723	75.4%	
Romania	7,931	6,579	1,352	20.6%	1,173	17.8%	
Total Central and Eastern Europe	131,449	78,041	53,408	68.4%	38,658	49.5%	
Germany	–	12,562	(12,562)	(100%)	(12,562)	(100%)	
Corporate and other	(46,091)	(25,727)	(20,364)	(79.2%)	(12,567)	(48.8%)	
Total UPC Broadband	536,677	279,700	256,977	91.9%	174,284	62.3%	
chellomedia							
Priority Telecom	14,530	(3,809)	18,339	481.5%	15,927	418.1%	
Media	22,874	(4,851)	27,725	571.5%	23,938	493.5%	
Investments	(1,033)	(374)	(659)	(176.2%)	(747)	(199.7%)	
Total chellomedia	36,371	(9,034)	45,405	502.6%	39,118	433.0%	
Total Europe	573,048	270,666	302,382	111.7%	213,402	78.8%	
Latin America:							
Broadband							
Chile (VTR)	69,951	41,959	27,992	66.7%	27,268	65.0%	
Brazil, Peru and other	87	(2,345)	2,432	103.7%	2,435	103.8%	
Total Latin America	70,038	39,614	30,424	76.8%	29,703	75.0%	
Corporate and other	(14,204)	(13,906)	(298)	(2.1%)	(291)	(2.1%)	
Total UGC	\$ 628,882	\$ 296,374	\$ 332,508	112.2%	\$ 242,814	81.9%	
Less Germany			\$ 12,562	–	\$ 12,562	–	
Total UGC, excluding Germany			\$ 345,070	121.6%	\$ 255,376	90.0%	

Please refer to our discussion of revenue, operating expense and selling, general and administrative expense for further analysis.

Depreciation and Amortization

	Year Ended December 31,		
	2004	2003	2002
	(In thousands)		
Depreciation	\$ (869,612)	\$ (804,937)	\$ (713,370)
Amortization	(65,573)	(3,726)	(16,631)
Total	\$ (935,185)	\$ (808,663)	\$ (730,001)

Depreciation and amortization expense increased \$126.5 million for the year ended December 31, 2004 compared to the prior year. Excluding the effect of foreign currency exchange fluctuations and our acquisitions of Noos and Chorus, depreciation and amortization expense decreased \$51.4 million for the year ended December 31, 2004 compared to the prior year, primarily due to significant impairments in France in the fourth quarter of 2003 that reduced our basis in property and equipment. This decrease was offset by the amortization of finite-lived intangible assets such as customer relationships, recorded in connection with the UGC Europe exchange offer in December 2003 and the Founders Transaction in January 2004. Depreciation and amortization increased \$78.7 million for the year ended December 31, 2003 compared to the prior year. Excluding the effect of foreign currency exchange fluctuations, depreciation and amortization expense decreased \$42.0 million for the year ended December 31, 2003 compared to the prior year, primarily due to an overall reduction in capital expenditures and significant impairments of long-lived assets in 2002 that reduced our asset basis.

Impairment of Long-Lived Assets

	Year Ended December 31,		
	2004	2003	2002
	(In thousands)		
UPC Broadband	\$ (4,794)	\$ (395,686)	\$ (75,305)
Priority Telecom	(27,066)	(397)	(359,237)
Other	(7,055)	(6,156)	(1,611)
Total	\$ (38,915)	\$ (402,239)	\$ (436,153)

During the second quarter of 2004, we recorded an impairment charge of \$16.1 million on certain tangible fixed assets of our wholly owned subsidiary, Priority Telecom. The impairment assessment was triggered by competitive factors in 2004 that led to a greater than expected price erosion and the inability to reach forecasted market share. Fair value of the tangible assets was estimated using a discounted cash flow analysis, along with other available market data. In the fourth quarter of 2004, we recorded an impairment of \$11.0 million for certain tangible fixed assets in the Netherlands. In addition, during 2004 we recorded several minor impairments for long-lived assets that had no future service potential due to changes in management's plans.

During the fourth quarter of 2003, the following events took place that indicated the long-lived assets in our French asset group were potentially impaired: (i) we entered into preliminary discussions regarding the merger of our French assets into a new company, which indicated a potential decline in the fair value

of these assets; (ii) we made downward revisions to the revenue and Operating Cash Flow projections for France in our long-range plan, due to actual results continuing to fall short of expectations; and (iii) we performed a fair value analysis of all the assets of UGC Europe in connection with the UGC Europe exchange offer that confirmed a decrease in fair value for our French assets. As a result, we determined a triggering event had occurred in the fourth quarter of 2003. We performed a cash flow analysis, which indicated the carrying amount of our long-lived assets in France exceeded the sum of the undiscounted cash flows expected to result from the use of these assets. Accordingly, we performed a discounted cash flow analysis and recorded an impairment of \$384.9 million and \$8.4 million for the difference between the fair value and the carrying amount of property and equipment and other long-lived assets, respectively. We also recorded a total of \$8.9 million for other impairments in 2003.

Based on our annual impairment test as of December 31, 2002, we recorded an impairment charge of \$344.8 million and \$18.0 million on goodwill related to Priority Telecom and UPC Romania, respectively. In addition, we wrote off other tangible assets in The Netherlands, Norway, France, Poland, Slovak Republic, Czech Republic and Priority Telecom amounting to \$73.4 million for the year ended December 31, 2002.

Restructuring Charges and Other

	Year Ended December 31,		
	2004	2003	2002
	(In thousands)		
UPC Broadband	\$ (21,660)	\$ (7,507)	\$ (13,903)
chellomedia	(4,172)	—	17,695
Litigation settlements	—	(22,200)	—
UGC Europe exchange offer costs	—	(6,692)	—
Other	(3,187)	429	(5,066)
	<u>\$ (29,019)</u>	<u>\$ (35,970)</u>	<u>\$ (1,274)</u>

In May and September 2004, our Netherlands operations recorded an aggregate charge of \$5.7 million for severance benefits as a result of a restructuring plan to change its management structure from a three-region model to a centralized management organization, eliminating certain redundancies and vacating an office lease. In December 2004, our Netherlands operations changed its estimate regarding the timing and amount of sub-lease income related to a restructuring plan that was finalized in 2001. While the office space under lease remains vacated we have been unable to sub-lease this space and cannot predict that we will be able to for the foreseeable future. Accordingly, the restructuring liability has been adjusted by approximately \$16.0 million to reflect our best estimate regarding future sub-lease income for the vacated property. The remaining \$4.2 million of restructuring charges in 2004 related to various redundancy eliminations and other streamlining efforts at chellomedia and Priority Telecom.

In 2002 and 2003, UPC Broadband and chellomedia implemented various restructuring plans to both lower operating expenses and strengthen its competitive and financial position. This included eliminating certain employee positions, reducing office space and related overhead expenses, rationalization of certain corporate assets, recognizing losses related to excess capacity under certain contracts and canceling certain programming contracts. The total workforce reduction was effected through attrition,

involuntary terminations and reorganization of UPC's operations to permanently eliminate open positions resulting from normal employee attrition. In 2002 the restructuring liability was adjusted to reflect changes in estimates from new sub-leases, favorable programming negotiations and other.

In January 2004, our Chief Executive Officer resigned and received certain benefits totaling \$3.2 million. In 2003, we recorded a \$6.0 million provision for the future settlement of litigation related to our Polish DTH business and a \$16.2 million provision for the future settlement of litigation with our partner in France. In December 2003, UGC Europe incurred costs related to the UGC Europe exchange offer and merger totaling \$6.7 million.

Stock-Based Compensation

	Year Ended December 31,		
	2004	2003	2002
	(In thousands)		
Incentive Plan (SARs)	\$ (50,291)	\$ (8,782)	\$ —
Employee Plan and Director Plans	(65,827)	—	—
UPC Plan, taxes and other	(543)	(29,242)	(28,228)
Total	\$ (116,661)	\$ (38,024)	\$ (28,228)

We account for our fixed and variable stock-based compensation plans using the intrinsic value method. Generally, under the intrinsic value method, (i) compensation expense for fixed-plan stock options is recognized only if the estimated fair value of the underlying stock exceeds the exercise price on the date of grant, in which case, compensation is recognized based on the percentage of options that are vested until the options are exercised, expire or are cancelled, and (ii) compensation for variable-plan options is recognized based upon the percentage of the options that are vested and the difference between the estimated fair value of the underlying common stock and the exercise price of the options at the balance sheet date, until the options are exercised, expire or are cancelled. As a result of the modification of certain terms of our stock options in connection with our February 2004 rights offering, we began accounting for our stock options that were granted prior to February 2004 as variable-plan options. Stock options granted subsequent to February 2004 are accounted for as fixed-plan options. We also record stock-based compensation expense as a result of applying variable-plan accounting to our stock appreciation rights ("SARs") using the accelerated expense attribution method. We began granting SAR awards in October 2003.

Interest Expense

	Year Ended December 31,		
	2004	2003	2002
	(In thousands)		
Cash Pay:			
UPC Broadband Bank Facility	\$ (220,516)	\$ (254,900)	\$ (244,785)
UGC Convertible Notes	(7,971)	—	—
VTR Bank Facility	(6,863)	(9,373)	(12,917)
Old UGC Senior Notes	(2,963)	(2,375)	—
UPC and subsidiaries' senior notes and other	(23,379)	(9,751)	(188,152)
	(261,692)	(276,399)	(445,854)
Non Cash:			
Amortization of deferred financing costs	(21,388)	(21,268)	(23,072)
Senior discount notes accretion and other	(200)	(29,465)	(211,175)
	(21,588)	(50,733)	(234,247)
Total	\$ (283,280)	\$ (327,132)	\$ (680,101)

Interest expense decreased for the year ended December 31, 2004 compared to the prior year. Excluding the effects of foreign currency exchange fluctuations and our acquisition of Noos and Chorus, interest expense decreased \$80.4 million for the year ended December 31, 2004 compared to the prior year, due to lower interest cost on the UPC Broadband Bank Facility as a result of several recent refinancing transactions, as well as the cessation of accretion of interest on the UPC Polska Notes in July 2003 as a result of UPC Polska's bankruptcy filing. Interest expense decreased \$353.0 million for the year ended December 31, 2003 compared to the prior year. Excluding the effect of foreign currency exchange fluctuations, interest expense decreased \$417.4 million for the year ended December 31, 2003 compared to the prior year, primarily due to the cessation of accretion of interest on UPC's senior discount notes on December 3, 2002 as a result of UPC's bankruptcy filing.

Foreign Currency Transaction Gains (Losses)

Foreign currency transaction gains decreased significantly from 2002 to 2003 and from 2003 to 2004, primarily due to the extinguishment of approximately \$4.6 billion in U.S. dollar-denominated debt upon completion of UPC's reorganization in September 2003.

Losses on Derivative Instruments

	Year Ended December 31,		
	2004	2003	2002
	(In thousands)		
Interest rate caps	\$ (20,318)	\$ —	\$ —
Cross-currency and interest rate swaps	(43,779)	(35,424)	138,398
Embedded foreign exchange derivatives	3,860	—	—
Total	\$ (60,237)	\$ (35,424)	\$ 138,398

During the first quarter of 2003, we purchased interest rate caps related to the UPC Broadband Bank Facility that capped the variable EURIBOR interest rate at 3.0% on a notional amount of €2.7 billion for 2003 and 2004. As we were able to fix our variable interest rates below 3.0% on the UPC Broadband Bank Facility during 2003 and 2004, all of these caps expired without being exercised. During the first and second quarter of 2004, we purchased interest rate caps for a total of \$21.4 million, capping the variable interest rate at 3.0% and 4.0% for 2005 and 2006, respectively, on notional amounts totaling €2.25 billion to €2.6 billion.

In June 2003, we entered into a cross currency and interest rate swap pursuant to which a notional amount of \$347.5 million was swapped at an average rate of 1.133 euros per U.S. dollar until July 2005, with the variable LIBOR interest rate (including margin) swapped into a fixed interest rate of 7.85%. Following the prepayment of part of Tranche C in December 2004, we paid down this swap with a cash payment of \$59.1 million and unwound a notional amount of \$171.5 million. The remainder of the swap is for a notional amount of \$176.0 million, and the euro to U.S. dollar exchange rate has been reset at 1.3158 to 1. In connection with the refinancing of the UPC Broadband Bank Facility in December 2004, we entered into a seven year cross currency and interest rate swap pursuant to which a notional amount of \$525.0 million was swapped at a rate of 1.3342 euros per U.S. dollar until December 2011, with the variable interest rate of LIBOR + 300 basis points swapped into a variable rate of EURIBOR +310 basis points for the same time period.

In 1999 and 2000, UPC entered into various cross-currency and interest rate swaps on its senior notes and senior discount notes. Through June 2002, the changes in fair value of these derivative contracts were recorded in the consolidated statement of operations. In 2002, we executed a cross currency swap related to the UPC Broadband Bank Facility where a \$347.5 million notional amount was swapped at an average rate of 0.852 euros per U.S. dollar until November 29, 2002. On November 29, 2002, the swap was settled for €64.6 million. We also executed an interest rate swap related to the UPC Broadband Bank Facility where a notional amount of €1.725 billion was fixed at 4.55% for the EURIBOR portion of the interest calculation through April 15, 2003. This swap qualified as an accounting cash flow hedge, and accordingly, the changes in fair value of this instrument were recorded through other comprehensive income (loss) in the consolidated statement of stockholders' equity until the expiration of this swap on April 15, 2003.

Gains on Sale of Investments in Affiliates and Other

	Year Ended December 31,		
	2004	2003	2002
	(In thousands)		
Telenet restructuring	\$ 10,517	\$ —	\$ —
UAP transaction	—	284,702	—
UPC Germany transaction	—	—	147,925
Other	1,808	(5,260)	(30,663)
Total	\$ 12,325	\$ 279,442	\$ 117,262

On March 29, 2002, our indirect 50.0% owned affiliate, United Australia/Pacific, Inc. ("UAP"), filed a voluntary petition for reorganization under Chapter 11 of the United States Bankruptcy Code in the U.S.

Bankruptcy Court. On March 18, 2003, the U.S. Bankruptcy Court entered an order confirming UAP's plan of reorganization (the "UAP Plan"). The UAP Plan became effective in April 2003, and the UAP bankruptcy proceeding was completed in June 2003. Upon consummation of the UAP Plan, we recognized \$284.7 million for our proportionate share of UAP's gain from this transaction, reflected in share in results of affiliates in our consolidated statement of operations. In addition, we recognized a gain of \$284.7 million associated with the sale of our indirect approximate 49.99% interest in UAP that occurred on November 15, 2001.

We consolidated the financial results of UPC Germany prior to August 2002, as we held an indirect approximate 51% majority voting equity interest. At the end of July 2002, our ownership interest in UPC Germany was reduced from approximately 51% to approximately 29% as a result of a pre-existing call right held by the minority shareholder, which became exercisable in February 2002 as a result of certain events of default under several of our debt agreements. For accounting purposes, this transaction resulted in the deconsolidation of UPC Germany effective August 1, 2002 and recognition of a gain from the reversal of the net negative investment in UPC Germany of €150.3 million (\$147.9 million).

Gains on Extinguishment of Debt

	Year Ended December 31,		
	2004	2003	2002
	(In thousands)		
UPC reorganization	\$ —	\$ 2,109,596	\$ —
UGC	—	—	1,757,289
Other UPC debt	35,787	74,401	451,493
Total	\$ 35,787	\$ 2,183,997	\$ 2,208,782

On February 18, 2004, in connection with the consummation of UPC Polska's plan of reorganization and emergence from its U.S. bankruptcy proceeding, third-party holders of the UPC Polska senior notes and other claimholders received a total of \$87.4 million in cash, \$101.7 million in new 9% UPC Polska senior notes due 2007 and 2,011,813 shares of our Class A common stock valued at \$18.4 million in exchange for the cancellation of their claims. We recognized a gain of \$31.9 million from the extinguishment of the UPC Polska senior notes and other liabilities subject to compromise, equal to the excess of their respective carrying amounts over the fair value of consideration given.

On September 3, 2003, UGC Europe acquired more than 99.9% of the stock of, and became the successor issuer to, UPC as a result of the consummation of UPC's plan of reorganization under Chapter 11 of the U.S. Bankruptcy Code and insolvency proceedings under Dutch law. Upon consummation of the reorganization plan, we became the holder of approximately 66.75% of UGC Europe's common stock in exchange for the equity and indebtedness of UPC that we owned before the reorganization. For consolidated financial reporting purposes for the year ended December 31, 2003, we recognized a gain of \$2.1 billion from the extinguishment of UPC's debt outstanding at that time equal to the excess of the then accreted value of such debt (\$3.076 billion) over the fair value of UGC Europe common stock issued (\$966.4 million).

On October 30, 2002, the First International Bank of Israel, or "FiBI," and we agreed to sell our Israeli investment to a wholly-owned subsidiary of FiBI in exchange for the extinguishment of the FiBI loan. This transaction closed on February 24, 2003, resulting in a gain of \$74.4 million from the extinguishment of this obligation.

In January 2002, as part of our recapitalization, we purchased at fair value certain debt securities of our subsidiaries, including UPC's bonds, UPC's exchangeable loan and Old UGC senior notes (directly from LMC and indirectly through the purchase of LMC's interest in IDT United Inc.). The estimated fair value of these financial assets (with the exception of the UPC exchangeable loan) was significantly less than the accreted value of those debt securities as reflected in our historical financial statements. For consolidated financial reporting purposes, we recognized a gain of \$1.757 billion from the effective retirement of such debt outstanding at that time equal to the excess of the then accreted value of such debt over our cost.

In January 2002, we recognized a gain of \$109.2 million from the restructuring and cancellation of capital lease obligations associated with excess capacity of certain Priority Telecom vendor contracts.

In June 2002, we recognized a gain of \$342.3 million from the delivery by certain banks of \$399.2 million in aggregate principal amount of UPC's senior notes and senior discount notes as settlement of certain interest rate/cross currency derivative contracts between the banks and UPC.

Income Tax Benefit (Expense)

We recognized an income tax benefit of \$101.1 million for the year ended December 31, 2004, compared to an income tax expense of \$50.3 million and \$201.2 million for the years ended December 31, 2003 and 2002, respectively. The 2004 tax benefit differs from the expected tax benefit based on the U.S. Federal 35% income tax rate due primarily to: (i) the reduction of our deferred tax assets as a result of tax rate reductions in the Netherlands, France, the Czech Republic, and Austria; (ii) the impact of certain permanent differences between the financial and tax accounting treatment of interest and other items associated with cross jurisdictional intercompany loans and investments; (iii) the realization of taxable foreign currency gains in certain jurisdictions not recognized for financial reporting purposes; and (iv) a net increase in our allowance associated with reserves established against currently arising tax loss carryforwards that were only partially offset by the release of valuation allowances in other jurisdictions. Certain of the released valuation allowances related to deferred tax assets that were recorded in purchase accounting and accordingly, such valuation allowances were reversed against goodwill. The items mentioned above were partially offset by: (i) the reversal of a deferred tax liability originally recorded for a gain on extinguishment of debt in a 2002 merger transaction as a result of the emergence of Old UGC from bankruptcy in November 2004; and (ii) the recognition of tax losses or deferred tax assets from the sale of investments or subsidiaries. The income tax expense recorded in 2003 and 2002 resulted primarily from the need to record a valuation allowance against deferred tax assets in certain jurisdictions.

Minority Interests in Losses (Earnings) of Subsidiaries and Other

	Year Ended December 31,		
	2004	2003	2002
	(In thousands)		
UPC Broadband France	\$ 7,172	\$ –	\$ –
IDT United	(4,012)	2,227	1,900
Minority interest share of UGC Europe net loss	–	181,046	–
Accrual of dividends on UPC's convertible preference shares	–	–	(97,083)
Other	(98)	(91)	28,080
Total	\$ 3,062	\$ 183,182	\$ (67,103)

The minority interests' share of UGC Europe's net income (loss) decreased \$180.1 million during the year ended December 31, 2004 compared to the prior year, as we acquired the remaining minority interest in UGC Europe on December 18, 2003. The minority interests' share of losses (earnings) of subsidiaries and other increased \$250.3 million during the year ended December 31, 2003 compared to the prior year, as basis was re-established effective with the consummation of UPC's reorganization in September 2003. Dividends on UPC's convertible preference shares ceased to accrue effective with its bankruptcy filing in December 2002.

Cumulative Effect of Change in Accounting Principle

We adopted Statement of Financial Accounting Standards No. 142 *Goodwill and Other Intangible Assets* effective January 1, 2002. SFAS 142 required a transitional impairment assessment of goodwill as of January 1, 2002, in two steps. Under step one, the fair value of each of our reporting units was compared with their respective carrying amounts, including goodwill. If the fair value of a reporting unit exceeded its carrying amount, goodwill of the reporting unit was considered not impaired. If the carrying amount of a reporting unit exceeded its fair value, the second step of the goodwill impairment test was performed to measure the amount of impairment loss. We completed step one in June 2002, and concluded the carrying value of certain reporting units as of January 1, 2002 exceeded fair value. The completion of step two resulted in an impairment adjustment of \$1.34 billion, and is reflected as a cumulative effect of a change in accounting principle in the consolidated statement of operations, effective January 1, 2002, in accordance with SFAS 142.

Liquidity and Capital Resources

As of December 31, 2004, we had \$1.078 billion in unrestricted consolidated cash and cash equivalents and short-term liquid investments. In addition to our cash on hand, we had capacity under the UPC Broadband Bank Facility of €666.75 (\$909.2) million and marketable equity securities (SBS and Austar United) with a total market value of \$573.1 million as of December 31, 2004. Our cash position is much stronger than the prior year, as we have successfully raised capital in the public and private debt and equity markets during 2004. In February 2004, we completed a fully subscribed rights offering to our stockholders, resulting in net proceeds of \$1.02 billion. In April 2004, we completed the offering and sale of €500.0 million (\$604.6 million) 1³/₄% Convertible Senior Notes due April 15, 2024. In January 2004, June 2004, December 2004 and March 2005, we successfully refinanced our UPC Broadband Bank

Facility, lowering interest margins and extending maturities on each occasion. We used cash from these financing activities and from our cash flow from operations (\$699.6 million in 2004) to purchase Noos for \$592.6 million, fund capital expenditures of \$480.1 million, purchase Telenet from LMI for \$121.1 million and pay down higher margin debt of \$255.2 million (net). We believe that we will be able to meet our current and long-term liquidity, acquisition and capital needs through our existing cash, operating cash flow and available borrowings under our existing credit facilities. To the extent we plan to grow our business through additional acquisitions, we may need additional sources of cash, most likely to come from the capital markets in the form of debt, equity or a combination of both.

Cash provided by operations increased \$307.5 million, or 78.4%, for the year ended December 31, 2004 compared to the prior year. Excluding the effects of positive exchange rate fluctuations and the Noos and Chorus acquisitions, cash flows from operating activities increased \$173.6 million, or 44.3%, for the year ended December 31, 2004 compared to the prior year, primarily due to increased revenue from rate increases, cash flow margin improvement from increasing operational leverage, and lower cash interest expense as a result of recent refinancing transactions related to the UPC Broadband Bank Facility. Capital expenditures increased from \$333.1 million for the year ended December 31, 2003 to \$480.1 million for the year ended December 31, 2004, primarily due to customer premises equipment related to subscriber acquisitions, as we added 75% more RGUs during the year ended December 31, 2004, excluding Noos, Chorus and several small acquisitions, compared to the year ended December 31, 2003. In 2005, we will continue to focus on increasing penetration of services in our existing upgraded footprint and the efficient deployment of capital aimed at services that result in positive net cash flows. We expect our capital expenditures to be significantly higher in 2005 than 2004, primarily due to: (i) costs for customer premise equipment as we expect to add more RGUs in 2005 than 2004; (ii) increased spend for new build and upgrade projects to meet certain franchise commitments, increased traffic, expansion of services and other competitive factors; (iii) new initiatives such as our plan to invest more aggressively in digital television in certain locations and our VoIP rollout in our major markets in Europe and Chile; and (iv) other factors such as improvements to our master telecom center in Europe, information technology upgrades and expenditures for our general support systems.

Cash provided by operations has increased in each of the last three years and in 2003 became our primary source of cash, as we continued to increase service rates, lower our costs and increase penetration of higher-margin services. We used this cash and existing cash on hand at the beginning of 2003 to fund capital expenditures of \$333.1 million and repay debt of \$233.5 million during 2003. In 2002, we had negative cash flows from operations, and had to use existing cash on hand, availability under our debt facilities and proceeds from the issuance of our common stock to fund capital expenditures of \$335.2 million.

Off Balance Sheet Arrangements and Commitments

Suez S.A. owns a 19.9% equity interest in UPC Broadband France SAS, the owner of our French broadband communications operations. UPC France Holding B.V., our indirect wholly owned subsidiary, holds the remaining 80.1% equity interest in UPC Broadband France and has the right through June 30, 2005 to purchase from Suez all of its equity interest in UPC Broadband France for €85.0 million, subject to adjustment, plus interest. The purchase price may be paid in cash, shares of our Class A common stock or shares of LMI's Series A common stock. Subject to the terms of a put option, Suez may require UPC France Holding to purchase Suez's equity interest in UPC Broadband France at specified times prior to or after July 1, 2007, July 1, 2008 or July 1, 2009 for the then fair market value of such equity interest or

assist Suez in obtaining an offer to purchase its equity interest in UPC Broadband France. UPC France Holding also has the option to purchase Suez's equity interest in UPC Broadband France during specified periods shortly after July 1, 2007, July 1, 2008 and July 1, 2009 at the then fair market value of such equity interest, payable in cash, shares of our Class A common stock or shares of LMI's Series A common stock.

Pursuant to the agreement with CPE governing Belgian Cable Investors, CPE has the right to require BCH to purchase all of CPE's interest in Belgian Cable Investors for the then appraised fair value of such interest during the first 30 days of every six-month period beginning in December 2007. BCH has the corresponding right to require CPE to sell all of its interest in Belgian Cable Investors to BCH for appraised fair value during the first 30 days of every six-month period following December 2009.

Zone Vision's minority shareholders have the right to put 60% of their 12.5% shareholding to chellomedia on the third anniversary of closing, and 100% of their shareholding on the fifth anniversary of closing. chellomedia has corresponding call rights. The price payable upon exercise of the put or call will be the then fair market value of the shareholdings purchased.

In the ordinary course of business, we have provided indemnifications to (i) purchasers of certain of our assets, (ii) our lenders, (iii) our vendors and (iv) other parties. In addition, we have provided performance and/or financial guarantees to our franchise authorities, 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.

We have contingent liabilities related to legal and tax proceedings and other matters arising in the ordinary course of business. Although it is reasonably possible we may incur losses upon conclusion of such matters, an estimate of any loss or range of loss cannot be made. In the opinion of management, it is expected that amounts, if any, which may be required to satisfy such contingencies will not be material in relation to the accompanying consolidated financial statements.

We have summarized in the table below our contractual obligations as of December 31, 2004, by the effect such obligations are expected to have on our liquidity and cash flow in future periods:

	Expected payment as of December 31,							
	2005	2006	2007	2008	2009	Thereafter	Total	
	(In thousands)							
Variable rate								
UPC Broadband Bank Facility	\$ 2,389	\$ 550,215	\$ 718,306	\$ 432,844	\$ 1,508,159	\$ 715,917	\$ 3,927,830	
Fixed rate UGC Convertible Notes	—	—	—	—	—	681,850	681,850	
Variable rate VTR Bank Facility	—	14,691	19,588	19,588	20,568	23,506	97,941	
Telenet Securities	—	—	—	—	—	87,821	87,821	
Fixed rate Old UGC Senior Notes	24,627	—	—	—	—	—	24,627	
Fixed rate Note payable to LMI	108,414	—	—	—	—	—	108,414	
Capital leases	2,585	2,865	3,130	3,427	3,739	32,608	48,354	
Other	4,724	1,261	884	817	716	2,124	10,526	
Total debt	142,739	569,032	741,908	456,676	1,533,182	1,543,826	4,987,363	
Operating leases	97,694	70,894	64,694	46,690	41,993	108,778	430,743	
Programming commitments	90,988	20,987	7,586	3,337	1,916	17,086	141,900	
Purchase commitments	22,717	1,957	—	—	—	—	24,674	
Other commitments	53,697	9,753	5,883	3,953	3,972	14,313	91,571	
Total commitments	265,096	103,591	78,163	53,980	47,881	140,177	688,888	
Total debt and commitments	\$ 407,835	\$ 672,623	\$ 820,071	\$ 510,656	\$ 1,581,063	\$ 1,684,003	\$ 5,676,251	

Programming commitments consist of obligations associated with certain of our programming contracts that are enforceable and legally binding on us, where we have agreed to pay minimum fees, regardless of the actual number of subscribers or whether we terminate cable service to a portion of our subscribers or dispose of a portion of our cable systems. Purchase commitments consist of obligations associated with certain contracts to purchase customer premise equipment that are enforceable and legally binding on us. Other commitments consist of commitments to rebuild or upgrade cable systems and to extend the cable network to new developments, network maintenance, and other fixed minimum contractual commitments associated with our agreements with franchise or municipal authorities. The amount and timing of the payments included in the table with respect to our rebuild, upgrade and network extension commitments are estimated based on the remaining capital required to bring the cable distribution system into compliance with the requirements of the applicable franchise agreement specifications.

In addition to the commitments set forth in the table above, we have agreements with programming vendors, franchise authorities and municipalities and other third parties pursuant to which we expect to make payments in future periods. Such amounts are not included above because they are not fixed or determinable due to various factors.

Market Risk Management

Investment Portfolio

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 financial 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. We have established policies, procedures and internal processes governing our management of market risks and the use of financial instruments to manage our exposure to such risks.

We invest our cash in liquid instruments, which meet high credit quality standards and generally have maturities at the date of purchase of less than three months. We are exposed to exchange rate risk with respect to \$725.7 million of cash we have invested in currencies other than the U.S. dollar. Of this amount, \$713.0 million is denominated in euros, the majority of which is expected to be used for euro-denominated commitments and acquisitions. We are exposed to equity price fluctuations related to our investments. Investments in publicly traded securities at December 31, 2004 included the following:

	Number of Shares	Fair Value December 31, 2004
		(In thousands)
Austar United	446,040,358	\$ 331,564
SBS	6,000,000	\$ 241,500
PrimaCom	4,948,039	\$ 4,156
Zhone Technologies, Inc	1,899,404	\$ 4,919

Impact of Foreign Currency Rate Changes

We are exposed to foreign exchange rate fluctuations related to our operating subsidiaries' monetary assets and liabilities and the financial results of foreign subsidiaries when their respective financial statements are translated into U.S. dollars during consolidation. Assets and liabilities of foreign subsidiaries for which the functional currency is the local currency are translated at period-end exchange rates and the statements of operations are translated at actual exchange rates when known, or at the average exchange rate for the period. Exchange rate fluctuations on translating foreign currency financial statements into U.S. dollars that result in unrealized gains or losses are referred to as translation adjustments. Cumulative translation adjustments are recorded in other comprehensive income (loss) as a separate component of stockholders' equity (deficit). Transactions denominated in currencies other than the functional currency are recorded based on exchange rates at the time such transactions arise. Subsequent changes in exchange rates result in transaction gains and losses, which are reflected in income as unrealized (based on period-end translations) or realized upon settlement of the transactions. Cash flows from our operations in foreign countries are translated at actual exchange rates when known, or at the average rate for the period. Certain items such as investments in debt and equity securities of foreign subsidiaries, equipment purchases, programming costs, notes payable and notes receivable (including intercompany amounts) and certain other charges are denominated in a currency other than the respective company's functional currency, which results in foreign exchange gains and losses recorded in the consolidated statement of operations. Accordingly, we may experience economic loss and a negative impact on earnings and equity with respect to our holdings solely as a result of foreign currency exchange

rate fluctuations. The relationship between these foreign currencies and the U.S. dollar, which is our reporting currency, is shown below, per one U.S. dollar:

	Spot Rate			Average Rate		
	December 31,			Year Ended December 31,		
	2004	2003	2002	2004	2003	2002
Euro	0.7333	0.7933	0.9545	0.8059	0.8806	1.0492
Norwegian Krone	6.0418	6.6711	6.9252	6.7453	7.2577	7.8690
Swedish Krona	6.6153	7.1994	8.6806	7.3563	7.9396	9.6257
Hungarian Forint	180.59	209.38	224.67	202.84	228.73	254.81
Polish Zloty	2.9896	3.7355	3.8285	3.6450	4.0706	4.0341
Czech Koruna	22.325	25.694	30.066	25.745	27.859	32.283
Slovak Koruna	28.409	32.701	39.526	32.303	36.358	44.806
Romanian Leu	29,018	32,651	33,495	32,674	34,596	32,658
Chilean Peso	559.19	593.80	718.61	609.22	686.04	689.54

Interest Rate Sensitivity

We are exposed to the risk of fluctuations in interest rates, primarily through our EURIBOR and LIBOR-indexed credit facilities. We maintain a mix of fixed and variable rate debt and enter into various derivative transactions pursuant to our policies to manage exposure to movements in interest rates. We monitor our interest rate risk exposures using techniques including market value and sensitivity analyses. We manage the credit risks associated with our derivative financial instruments through the evaluation and monitoring of the creditworthiness of the counterparties. Although the counterparties may expose us to losses in the event of nonperformance, we do not expect such losses, if any, to be significant. We use interest rate exchange agreements to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. We use interest rate cap agreements to lock in a maximum interest rate should variable rates rise, but enable us to otherwise pay lower market rates.

During the first quarter of 2003, we purchased interest rate caps related to the UPC Broadband Bank Facility that capped the variable EURIBOR interest rate at 3.0% on a notional amount of €2.7 billion for 2003 and 2004. As we were able to fix our variable interest rates below 3.0% on the UPC Broadband Bank Facility during 2003 and 2004, all of these caps expired without being exercised. During the first and second quarter of 2004, we purchased interest rate caps for a total of \$21.4 million, capping the variable interest rate at 3.0% and 4.0% for 2005 and 2006, respectively, on notional amounts totaling €2.25 billion to €2.6 billion.

In June 2003, we entered into a cross currency and interest rate swap pursuant to which a notional amount of \$347.5 million was swapped at an average rate of 1.133 euros per U.S. dollar until July 2005, with the variable LIBOR interest rate (including margin) swapped into a fixed interest rate of 7.85%. Following the prepayment of part of Tranche C in December 2004, we paid down this swap with a cash payment of \$59.1 million and unwound a notional amount of \$171.5 million. The remainder of the swap is for a notional amount of \$176.0 million, and the euro to U.S. dollar exchange rate has been reset at 1.3158 to 1. In connection with the refinancing of the UPC Broadband Bank Facility in December 2004, we entered into a seven year cross currency and interest rate swap pursuant to which a notional amount of \$525.0 million was swapped at a rate of 1.3342 euros per U.S. dollar until December 2011, with the

variable interest rate of LIBOR + 300 basis points swapped into a variable rate of EURIBOR +310 basis points for the same time period.

For the year ended December 31, 2004, the weighted-average interest rate on our variable rate bank facilities was approximately 6.0%. If market interest rates (EURIBOR and LIBOR) had been higher by 50 basis points during this period, our consolidated interest expense would have been approximately \$302.1 million for the year ended December 31, 2004.

Credit Risk

We are also exposed to the risk that our counterparts will default on their obligations to us under the above described derivative instruments. Based on our assessment of the credit worthiness of the counterparts, we do not anticipate any such default.

Inflation and Foreign Investment Risk

Certain of our operating companies operate in countries where the rate of inflation is higher than in the United States. While our affiliated companies attempt to increase their subscription rates to offset increases in operating costs, there is no assurance that they will be able to do so. Therefore, operating costs may rise faster than associated revenue, resulting in a material negative impact on reported earnings. We are also impacted by inflationary increases in salaries, wages, benefits and other administrative costs, the effects of which to date have not been material. Our foreign operating companies are all directly affected by their respective countries' government, economic, fiscal and monetary policies and other political factors. We believe that our operating companies' financial conditions and results of operations have not been materially adversely affected by these factors.

Critical Accounting Policies, Judgments and Estimates

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements required us to make estimates and assumptions that affected the reported amounts of assets and liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of our financial statements. Actual results may differ from these estimates under different assumptions or conditions. Critical accounting policies are defined as those policies that are reflective of significant judgments and uncertainties, which would potentially result in materially different results under different assumptions and conditions. We believe our judgments and related estimates associated with fair values and impairment testing of our long-lived tangible and intangible assets, the valuation of our acquisition related assets and liabilities, the valuation of our subscriber receivables and the valuation of our deferred tax assets to be critical in the preparation of our consolidated financial statements. These accounting estimates or assumptions are critical because of the levels of judgment necessary to account for matters that are inherently uncertain or highly susceptible to change. With respect to the year ended December 31, 2004, we believe our judgment and related estimates associated with the following to be critical in the preparation of the accompanying consolidated financial statements. For a detailed discussion on the application of these and other accounting policies, see the notes to our consolidated financial statements included elsewhere herein.

Fair Value of Acquisition Related Assets and Liabilities

We allocate the purchase price of acquired companies or acquisitions of non-controlling equity (minority) interests of a subsidiary to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values. In determining fair value, management is required to make estimates and assumptions that affect the recorded amounts. To assist in this process, third party valuation specialists are generally engaged to value certain of these assets and liabilities. Estimates used in valuing acquired assets and liabilities include, but are not limited to, expected future cash flows, market comparables and appropriate discount rates. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain. These acquired assets and liabilities generally include, but are not limited to, property and equipment, investments, customer relationships, trademarks, unfavorable leases, contracts, contingencies and other commitments, and other legal performance obligations.

Impairment of Goodwill and Intangible Assets

We test goodwill and other indefinite-lived intangible assets for impairment on an annual basis. Additionally, goodwill is tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of an entity below its carrying value. These events or circumstances may include a significant change in the business climate, legal factors, operating performance indicators, competition, sale or disposition of a significant portion of the business or other factors. Other indefinite-lived intangible assets are tested between annual tests if events or changes in circumstances indicate that the asset might be impaired. Future adverse changes in market conditions or poor operating results of the related business may indicate an inability to recover the carrying value of the assets, thereby possibly requiring a future impairment charge.

Impairment of Long-Lived Assets

Long-lived assets, including property and equipment and intangible assets with finite lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For assets we intend to use, if the total of the expected future undiscounted cash flows is less than the carrying amount of the asset, we recognize a loss for the difference between the fair value and carrying value of the asset. For assets we intend to dispose of, we recognize a loss for the amount that the estimated fair value, less costs to sell, is less than the carrying value of the assets. We principally use the discounted cash flow method to estimate the fair value of long-lived assets. Future adverse changes in market conditions or poor operating results of the related business may indicate an inability to recover the carrying value of the assets, thereby possibly requiring a future impairment charge.

Subscriber Receivables

In evaluating the collectibility of our subscriber receivables, we assess a number of factors including the ability of specific customers to meet their financial obligations to us, as well as general factors, such as the length of time the receivables are past due and historical collection experience. Based on these assessments, we record valuation allowances for bad debt to reduce the related receivables to the amount we ultimately expect to collect from our customers. If circumstances related to specific customers change or economic conditions worsen such that our past collection experience is no longer relevant, our

estimate of the recoverability of our subscriber receivables could be further reduced from the levels provided for in the consolidated financial statements.

Income Taxes

We are required to estimate the amount of tax payable or refundable for the current year and the deferred income tax liabilities and assets for the future tax consequences of events that have been reflected in our financial statements or tax returns for each taxing jurisdiction in which we operate. This process requires our management to make assessments regarding the timing and probability of the ultimate tax impact. We record valuation allowances on deferred tax assets to reflect the expected realizable future tax benefits. Actual income taxes could vary from these estimates due to future changes in income tax law, significant changes in the jurisdictions in which we operate, our inability to generate sufficient future taxable income or unpredicted results from the final determination of each year's liability by taxing authorities. These changes could have a significant impact on our financial position. Establishing a tax valuation allowance requires us to make assessments about the timing of future events, including the probability of expected future taxable income and available tax planning opportunities. Actual performance versus these estimates could have a material effect on the realization of tax benefits as reported in our results of operations. Our assumptions require significant judgment because actual performance has fluctuated in the past and may continue to do so.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations – Market Risk Management.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our financial statements required by Regulation S-X are included herein beginning on page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

As of the end of the period covered by this report on Form 10-K, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officers, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15. In designing and evaluating the disclosure controls and procedures, we and our management recognized 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 procedures. Based upon the required evaluation, our Chief

Executive Officer and Chief Financial Officers have concluded that our disclosure controls and procedures are effective at the reasonable assurance level.

(b) Internal Control Over Financial Reporting

Management's Annual Report on Internal Control over Financial Reporting

Management's annual report on internal control over financial reporting is included herein on page F-2.

Attestation Report of the Independent Registered Public Accounting Firm

The attestation report of KPMG LLP is included herein on page F-4.

Changes in Internal Control 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 fourth fiscal quarter covered by this annual report on Form 10-K that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Our directors and executive officers and their ages, along with their respective positions with UGC as of February 28, 2005, are set forth below. Unless otherwise provided in an employment agreement, all officers are appointed for an indefinite term serving at the pleasure of our Board of Directors ("Board").

Name	Age	Position
Gene W. Schneider	78	Chairman of the Board
Michael T. Fries	42	Director, President and Chief Executive Officer
Frederick G. Westerman III	39	Co-Chief Financial Officer
Charles H.R. Bracken	38	Co-Chief Financial Officer
Gene M. Musselman	60	President and Chief Operating Officer – UPC Broadband Division
Shane O'Neill	43	Chief Strategy Officer – UGC Europe
Robert R. Bennett	46	Director
John P. Cole, Jr.	75	Director
John W. Dick	67	Director
Bernard G. Dvorak	44	Director
Paul A. Gould	59	Director
Gary S. Howard	54	Director
David B. Koff	46	Director
John C. Malone	63	Director

We currently have ten directors. Holders of the Class A common stock, Class B common stock and Class C common stock vote as a single class to elect our directors. Our Restated Certificate of Incorporation provides for a classified Board of Directors of three classes, which may have the effect of deterring hostile takeovers or delaying changes in control or management of UGC. Through their ownership of our common stock, LMI and its affiliates control the appointment of our directors.

The Class I directors, whose terms are due to expire at our 2006 annual stockholders' meeting, include Messrs. Howard, Dick and Gould. The Class II directors, whose terms are due to expire at our 2007 annual stockholders' meeting, include Messrs. Bennett, Koff and Dvorak. The Class III directors, whose terms are due to expire at our 2005 annual stockholders' meeting, include Messrs. Cole, Fries, Malone and G. Schneider. Each director serves for a term ending on the date of the third annual stockholders' meeting after his election or until his successor shall have been duly elected and qualified. Upon completion of the proposed Liberty Global Transaction with LMI, Messrs. Schneider, Fries, Cole, Dick and Gould will become directors of Liberty Global pursuant to the terms of the merger agreement.

Gene W. Schneider has served as Chairman of UGC and its predecessors since 1989. Mr. Schneider also served as Chief Executive Officer of UGC and its predecessors from 1995 to January 2004. Mr. Schneider has served as an officer and/or director of various direct and indirect subsidiaries of UGC. In addition, from 1995 until 1999, Mr. Schneider served as a member of the UPC Supervisory Board, and an advisor to the Supervisory Board of UPC from 1999 until September 2003. Mr. Schneider has been with UGC and its predecessors since 1989. Mr. Schneider is also a director of Austar United.

Michael T. Fries became Chief Executive Officer of UGC in January 2004. Mr. Fries has served as a director of UGC and its predecessors since November 1999 and as President of UGC and its predecessors since September 1998. He served as Chief Operating Officer of UGC and its predecessors from September 1998 to January 2004. In addition, he serves or has served as an officer and/or director of

various direct and indirect subsidiaries and affiliates of UGC, including as a member of the UPC Supervisory Board from September 1998 until September 2003, and as Chairman thereof from February 1999 until September 2003; a member of the Priority Telecom Supervisory Board since November 2000 and as Chairman thereof since March 2003; and a director of Austar United since June 1999 and Chairman thereof from June 1999 to April 2003. Mr. Fries has been with UGC and its predecessors since 1990.

Frederick G. Westerman III has served as Chief Financial Officer of UGC and its predecessors since June 1999 and became UGC's Co-Chief Financial Officer in February 2004. His responsibilities include oversight and planning of UGC's financial and treasury operations. He also serves as an officer and/or director of various direct and indirect subsidiaries of UGC.

Charles H. R. Bracken became a Co-Chief Financial Officer of UGC in February 2004. Mr. Bracken has served as the Chief Financial Officer of UGC Europe and its predecessors since November 1999 and as a member of the UPC Board of Management from July 1999 to September 2003. Prior to November 1999, Mr. Bracken served as the Managing Director of Strategy, Acquisitions and Corporate Development at UPC from March 1999. Mr. Bracken also serves as an officer and/or director of various European subsidiaries, including a member of the Priority Telecom Supervisory Board since July 2000.

Gene M. Musselman became President and Chief Operating Officer of UPC Broadband Division of UGC Europe, Inc. in September 2003, and became UPC's Chief Operating Officer in April 2000 and a member of its Board of Management from June 2000 to September 2003. He also served as managing director of UPC from July 2003 until June 2004. Mr. Musselman serves as an officer and/or director of various European subsidiaries. Except when he was at Tevecap S.A. from 1995 to 1997, Mr. Musselman has been with UGC and its affiliates since 1991.

Shane O'Neill became Chief Strategy Officer of UGC Europe in September 2003. He has also served as UPC's Chief Strategy Officer since June 2000 and as a member of the UPC Board of Management from June 2000 to September 2003. Prior to June 2000, Mr. O'Neill served as the Managing Director, Strategy, Acquisitions and Corporate Development at UPC from November 1999. Mr. O'Neill is a director of SBS Broadcasting S.A., a public company in which we have a 19.3% interest.

Robert R. Bennett became a director of UGC in January 2002. He also has served as a director and Vice Chairman of LMI since March 2004. Mr. Bennett has served as President and Chief Executive Officer of LMC since April 1997. He has held various executive positions with LMC since its inception in 1990. Mr. Bennett served as Executive Vice President of Tele-Communications, Inc. ("TCI") from April 1997 to March 1999. Mr. Bennett is also a director of LMC and OpenTV Corp.

John P. Cole, Jr. has served as a director of UGC and its predecessors since March 1998 and as a member of the UPC Supervisory Board from February 1999 to September 2003. Mr. Cole is a founder of the Washington, D.C. law firm of Cole, Raywid and Braverman, which specializes in all aspects of telecommunications and media law. Over the years Mr. Cole has been counsel in many landmark proceedings before the U.S. Federal Communications Commission and U.S. Courts, reflecting the development of the cable television industry.

John W. Dick became a director of UGC in March 2003, and served as a member of the UPC Supervisory Board from May 2001 to September 2003, and a director of UGC Europe from September 2003 to

January 2004. He is the non-executive Chairman and a director of Hooper Industries Group, a privately held U.K. group consisting of: Hooper and Co (Coachbuilders) Ltd. (building special/bodied Rolls-Royce and Bentley motorcars) and Hooper Industries (China) (providing industrial products and components to Europe and the U.S.). Until 2002, Hooper Industries Group also held Metrocab UK (manufacturing London taxicabs) and Moscab (a joint venture with the Moscow city government, producing left-hand drive Metrocabs for Russia). Mr. Dick has held his positions with Hooper Industries Group since 1984. Mr. Dick is also a director of Austar United.

Bernard G. Dvorak became a director of UGC in November 2004. He also serves as a director of various subsidiaries of UGC. Mr. Dvorak has served as Senior Vice President and Controller of LMI since March 2004. From July 2002 until May 17, 2004, Mr. Dvorak served as Senior Vice President, Chief Financial Officer and Treasurer of On Command Corporation, a subsidiary of LMC. Mr. Dvorak was the Chief Executive Officer and a member of the board of directors of Formus Communications, Inc. ("Formus"), a provider of fixed wireless services in Europe, from September 2000 until June 2002, and, from April 1999 until September 2000, he served as Chief Financial Officer of Formus.

Paul A. Gould became a director of UGC in January 2004. Mr. Gould also serves as a Managing Director of Allen & Company LLC, an investment banking services company, and has been associated with Allen & Company and its affiliates for more than the last five years. Mr. Gould is also a director of Ampco-Pittsburgh Corporation and LMC.

Gary S. Howard became a director of UGC in January 2002. He also has served as a director of LMI from May 2004 to June 2004. Mr. Howard has served as Executive Vice President and Chief Operating Officer of LMC from July 1998 to February 2004. Mr. Howard served as Chief Executive Officer of Liberty Satellite & Technology, Inc. from December 1996 to April 2000. Mr. Howard also served as Executive Vice President of TCI from December 1997 to March 1999, as Chief Executive Officer, Chairman of the Board and a director of TV Guide, Inc. from June 1997 to March 1999, and as President and Chief Executive Officer of TCI Ventures Group, LLC from December 1997 to March 1999.

David B. Koff became a director of UGC in August 2003. He also has served as a Senior Vice President of LMI since March 2004. Mr. Koff previously served as a Senior Vice President of LMC from February 1998, and as the Vice President – Corporate Development of LMC from August 1994 to February 1998. Mr. Koff is also a director of Telenet.

John C. Malone has served as a director of UGC and its predecessors since November 1999. He has served as the President, Chief Executive Officer, Chairman of the Board and a director of LMI since March 2004. Mr. Malone has served as Chairman of the Board of LMC since 1990. Mr. Malone served as Chairman of the Board and a director of Liberty Satellite & Technology, Inc. from December 1996 to August 2000. Mr. Malone also served as Chairman of the Board of TCI from November 1996 to March 1999, and as Chief Executive Officer of TCI from January 1994 to March 1999. Mr. Malone is also a director of The Bank of New York.

Gene W. Schneider is the father of Mark L. Schneider, who was a named executive officer of UGC until December 2004. No family relationships exist between any other named executive officer or director of UGC.

Other Officers

Valerie L. Cover has served as the Controller for UGC and its predecessors since October 1990, and as a Vice President and Principal Accounting Officer of UGC and its predecessors since December 1996. In February 2004, Ms. Cover became a Co-Principal Accounting Officer of UGC. In addition, she serves as an officer or director of various direct and indirect subsidiaries of UGC. Ms. Cover is responsible for the accounting, financial reporting and information technology functions of UGC. Ms. Cover has been with UGC and its predecessors since 1990.

Ruth E. Pirie has served as Deputy Chief Financial Officer of UGC Europe and its predecessors since September 2001 and as Principal Accounting Officer of UGC Europe since September 2003. In February 2004, Ms. Pirie became a Co-Principal Accounting Officer of UGC. She is responsible for the accounting and financial reporting of UGC's European activities. Prior to September 2001, Ms. Pirie served as the Managing Director of Investor Relations at UPC from February 2000. From July 1995, until joining UPC, she held various finance positions at Cable & Wireless Communications plc in London, where her responsibilities included group financial reporting and planning, merger integration and assisting in various balance sheet restructuring projects.

Ellen P. Spangler has served as Senior Vice President of Business and Legal Affairs and Secretary of UGC and its predecessors since December 1996. She also served as a member of the Supervisory Board of UPC from February 1999 to September 2003. In addition, she serves as an officer and/or director of various direct and indirect subsidiaries of UGC. Ms. Spangler is responsible for the legal operations of UGC. Ms. Spangler has been with UGC and its predecessors since 1991.

Involvement in Certain Legal Proceedings

Except as stated below, during the past five years, neither the above executive officers nor any director of UGC has had any involvement in such legal proceedings as would be material to an evaluation of his or her ability or integrity.

On March 28, 2001, an involuntary petition under Chapter 7 of the U.S. Bankruptcy Code was filed against Formus in the United States Bankruptcy Court for the District of Colorado. Bernard G. Dvorak, one of our directors, was a director and the Chief Executive Officer of Formus from September 2000 until June 2002.

On March 29, 2002, UAP, then a subsidiary of UGC, filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code in the United States District Court for the Southern District of New York. UAP's reorganization closed on June 27, 2003, and UAP has since dissolved. Until February 11, 2002, Michael T. Fries was a director and the President of UAP and until November 14, 2001, Gene W. Schneider was a director and Chief Executive Officer of UAP. Frederick G. Westerman III was a director of UAP from November 2001 and President thereof from March 2002 until UAP's dissolution in January 2004.

On December 3, 2002, UPC, now a subsidiary of UGC Europe, filed a voluntary petition for reorganization under Chapter 11 of the United States Bankruptcy Code, together with a pre-negotiated plan of reorganization, in the United States District Court of the Southern District of New York. In conjunction with such filing, also on December 3, 2002, UPC commenced a moratorium of payments in

The Netherlands under Dutch bankruptcy law with the filing of a proposed plan of compulsory composition or the "Akkoord" with the Amsterdam Court (Rechtbank) under the Dutch Faillissementswet. These actions were completed on September 3, 2003, when UGC Europe acquired more than 99% of the stock of, and became a successor issuer to UPC. Michael T. Fries, John P. Cole, Jr. and John W. Dick were Supervisory Directors of UPC and Gene W. Schneider was an advisor to UPC's Supervisory Board. Also, Charles H.R. Bracken, Gene M. Musselman and Shane O'Neill were members of the UPC Board of Management.

In June 2003, UPC Polska executed an agreement with some of its creditors to restructure its balance sheet. On January 22, 2004, the U.S. Bankruptcy Court for the Southern District of New York confirmed UPC Polska's Chapter 11 plan of reorganization. On February 18, 2004, UPC Polska emerged from the Chapter 11 proceedings. Mr. Musselman is a director of UPC Polska.

On January 12, 2004, Old UGC filed a voluntary petition for relief under Chapter 11 of the U.S. Bankruptcy Code with the U.S. Bankruptcy Court for the Southern District of New York. On November 10, 2004, the U.S. Bankruptcy Court confirmed Old UGC's plan of reorganization and Old UGC emerged from the Chapter 11 proceedings on November 24, 2004. Until August 2003, Michael T. Fries was the President of Old UGC, and Gene W. Schneider was a director and Chief Executive Officer of Old UGC. Frederick G. Westerman III became a director of Old UGC in August 2003 and President thereof in November 2003.

Section 16(a) Beneficial Ownership Reporting Compliance

Under Section 16(a) of the Securities Exchange Act of 1934, as amended, our directors and certain of our officers, and persons holding more than ten percent of our Class A common stock are required to file forms reporting their beneficial ownership of our Class A common stock and subsequent changes in that ownership with the SEC. Such persons are also required to furnish us with copies of all forms so filed.

Based solely upon a review of copies of filed Forms 3, 4, and 5 and amendments thereto furnished to us, we believe that during the year ended December 31, 2004, our executive officers, directors and greater than ten percent beneficial owners complied on a timely basis with all Section 16(a) filing requirements, except for the following: Valerie L. Cover and Gene Musselman each filed a Form 4 late reporting the acquisition of Class A common stock in the UGC rights offering. Ruth Pirie filed a Form 3 late reporting her appointment as Co-Principal Accounting Officer of UGC.

Committees

Our Board has an Audit Committee, a Compensation Committee, an Executive Committee and a Related Party Transaction Committee. We do not have a standing nomination committee of the Board.

Audit Committee

The Audit Committee operates under a Charter adopted by our Board. The members of the Audit Committee are Messrs. Cole, Dick and Gould (since his appointment on January 5, 2004), all of whom are independent as required by the Audit Committee Charter and the listing standards of the National Association of Securities Dealers. In addition, the Board has determined that Mr. Dick is a financial expert and is independent under the rules of the Nasdaq Stock Market. The Audit Committee is charged

with reviewing and monitoring our internal audit function, our financial reports and accounting practices to ascertain that they are within acceptable limits of sound practice, to receive and review audit reports submitted by our independent auditors and to make such recommendations to the Board as may seem appropriate to the Audit Committee to assure that our interests are adequately protected and to review and approve all related party transactions and potential conflict-of-interest situations. In addition, the Audit Committee, among other things, selects the external auditors, reviews the independence of external auditors, appoints our internal auditor, monitors compliance with our internal controls and approves non-audit services performed by the external auditors.

Compensation Committee

On January 5, 2004, the Board elected a new Compensation Committee consisting of Messrs. Bennett, Cole, Dick and Malone. Prior to that, the Compensation Committee had consisted of all outside directors of UGC. The Compensation Committee administers our employee equity incentive plans, and in this capacity approves all incentive grants to our executive officers and management under UGC's equity incentive plans, except for certain option grants that are approved only by our independent members of the Compensation Committee. It also makes recommendations to the Board with respect to the compensation of our Chairman of the Board and approves the compensation paid to the Chief Executive Officer and other senior executives.

Executive Committee

In October 2003, the Board established an Executive Committee to act with full power and authority between meetings of the Board. Notwithstanding the foregoing, the Executive Committee cannot take any action limited by UGC's bylaws or by Delaware corporate law. The members of the Executive Committee are Messrs. Bennett, Fries and Malone.

Related Party Transaction Committee

In February 2004, the Board established the Related Party Transaction Committee consisting of Messrs. Cole and Dick. The Related Party Transaction Committee is responsible for reviewing and approving all related party transactions involving LMI. In November 2004, the Board elected Mr. Gould to the Related Party Transaction Committee. As a result, the same members of the Board constitute the Related Party Transaction Committee and the Audit Committee.

Code of Ethics

The Board initially approved our code of ethics on March 14, 2003, which was amended and restated on March 11, 2004. The code of ethics applies to our and our affiliates' Chief Executive Officers and senior financial officers and is posted on our website at www.unitedglobal.com. We intend to satisfy our disclosure requirements under Item 5.05 of Form 8-K regarding an amendment to, or a waiver from, a provision of the code of ethics by posting such information on our website.

ITEM 11. EXECUTIVE COMPENSATION

The following table sets forth the aggregate annual compensation for UGC's Chief Executive Officer and each of the four other most highly compensated executive officers for services rendered during the fiscal years ended December 31, 2004, December 31, 2003 and December 31, 2002 ("Fiscal 2004", "Fiscal 2003" and "Fiscal 2002", respectively). The information in this section reflects compensation received by the named executive officers for all services performed for UGC and its subsidiaries.

Summary Compensation Table

Name and Principal Position	Year	Long-Term Compensation Awards											
		Salary(\$)		Annual Compensation Bonus(\$)		Other Annual Compensation(\$)		Restricted Stock Awards(\$)		Securities Underlying Options/SARs (#)		All Other Compensation(\$)	
Michael T. Fries Chief Executive Officer and President; Chief Operating Officer (until January 2004)	2004	\$	620,614	\$	—	\$	3,467(1)	\$	520,603		685,000(2)	\$	1,222,187(3)(4)
	2003	\$	550,750	\$	1,248,256(5)	\$	158,554(1)(6)	\$	—		2,875,000(7)	\$	2,835,713(3)(8)
	2002	\$	543,120	\$	—		11,269(1)	\$	—		3,350,000(9)	\$	27,183(3)
Gene M. Musselman President and Chief Operating Officer – UPC Broadband	2004	\$	566,165	\$	—	\$	762,568(10)	\$	303,998		418,116(11)	\$	983,844(4)
	2003	\$	449,522	\$	688,471	\$	794,684(10)	\$	—		2,060,000(7)	\$	7,087(12)
	2002	\$	580,164	\$	65,479	\$	224,598(10)	\$	—		—	\$	6,571(12)
													(12)
Charles H.R. Bracken Co-Chief Financial Officer (from February 2004); Chief Financial Officer – UGC Europe	2004	\$	595,362	\$	—	\$	26,501(13)	\$	303,998		403,170(7)	\$	1,015,341(4)
	2003	\$	513,890	\$	250,000(15)	\$	23,675(13)	\$	—		2,060,000(7)	\$	42,215(14)
	2002	\$	487,362	\$	750,000(15)	\$	23,239(13)	\$	—		—	\$	33,769(14)
													(14)
Shane O'Neill Chief Strategy Officer – UGC Europe	2004	\$	528,854	\$	—	\$	26,501(13)	\$	303,998		405,435(7)	\$	1,015,443(4)
	2003	\$	456,625	\$	127,700	\$	23,682(13)	\$	—		2,060,000(7)	\$	42,359(16)
	2002	\$	405,162	\$	120,396	\$	21,753(13)	\$	—		—	\$	37,742(16)
													(16)
Mark L. Schneider(19) Chief Executive Officer – chellomedia Division (September 2003 to December 31, 2004)	2004	\$	631,186	\$	—	\$	96,714(17)	\$	—		—	\$	364,712(4)
	2003	\$	577,500	\$	492,809(5)	\$	332,423(6)(17)	\$	—		2,060,000(7)	\$	3,659,807(18)
	2002	\$	571,010	\$	—	\$	17,481(17)	\$	—	\$	1,950,000(9)	\$	6,571(8)
													(18)

- (1) Includes compensation related to executive's personal use of UGC's aircraft, which compensation has been calculated based upon the aggregate incremental cost of such usage to UGC for each fiscal year. For Fiscal 2004, Fiscal 2003 and Fiscal 2002, the value based on the SIFL method is \$5,906, \$4,182 and \$13,621, respectively. In accordance with applicable Treasury Regulations, UGC included the amounts based on SIFL for all such years as compensation in Mr. Fries' reportable income.
- (2) Pursuant to the UGC Equity Incentive Plan effective September 1, 2003, as amended (the "Incentive Plan"), such officer received a grant of options to acquire Class A common stock.
- (3) Amount includes (i) matching employer contributions under UGC's 401(k) Savings and Stock Ownership Plan ("401(k) Plan") of \$13,000, \$4,941 and \$5,500 for Fiscal 2004, Fiscal 2003 and Fiscal 2002, respectively; and (ii) term life insurance benefits paid by UGC for such officer's benefit.
- (4) Includes gain realized from the exercise of SARs based on shares of Class A common stock as detailed below in the table "Aggregated Option/SAR Exercises in Last Fiscal Year and FY-End Option/SAR Values".

- (5) In connection with UGC's foreclosure upon the collateral pledged as a security for promissory notes made or guaranteed by such officer, UGC paid as a bonus an amount estimated to be sufficient for such officer to pay his taxes resulting from the foreclosure and the bonus.
- (6) Includes a gain realized from the cancellation of non-qualified stock options in January 2003 as a result of UGC's foreclosure upon the collateral pledged as security for promissory notes made or guaranteed by such officer.
- (7) Pursuant to the Incentive Plan, such officer received grants of SARs based on shares of Class A common stock. Certain of the SARs granted in Fiscal 2002 were originally granted by a UGC Europe equity incentive plan and converted to UGC SARs following the UGC Europe Exchange Offer.
- (8) Includes the difference between the amount of loans foreclosed on by UGC and the value of the collateral collected in such foreclosure (\$2,829,685 for Mr. Fries and \$3,652,720 for Mr. Schneider, respectively).
- (9) Pursuant to the UGC 1993 Stock Option Plan, as amended and restated (the "1993 Stock Option Plan"), during Fiscal 2002, such officer was granted options to acquire shares of Class A common stock. Of the options granted, 950,000 shares of Class A common stock were subsequently cancelled in January 2003 as a result of UGC's foreclosure upon all collateral pledged as security for promissory notes made or guaranteed by such officer.
- (10) Represents payments relating to foreign assignment, including housing allowance and cost of living allowance (\$82,458 for Fiscal 2004, \$77,895 for Fiscal 2003, and \$68,290 for Fiscal 2002), net tax benefit (\$47,444 for Fiscal 2003 and \$114,986 for Fiscal 2002), and the remainder consists of car allowance, dependent education and other benefits. Also for Fiscal 2004 and Fiscal 2003, such amount includes payments of \$617,294 and \$621,735, respectively, made by UGC to tax authorities as a result of Mr. Musselman's foreign assignment.
- (11) Pursuant to the Incentive Plan, such officer received a grant of options to acquire 400,000 shares of Class A common stock and a grant of SARs based on 18,116 shares of Class A common stock.
- (12) Amount includes (i) matching employer contribution under UGC's 401(k) plan of \$16,000, \$6,000, and \$5,500 for Fiscal 2004, Fiscal 2003 and Fiscal 2002, respectively; and (ii) life insurance benefits paid by UGC for such officer's benefit.
- (13) Consists of car allowance payments.
- (14) Amount includes (i) matching employer contributions under a pension plan (\$41,675 for Fiscal 2004, \$35,973 for Fiscal 2003 and \$31,246 for Fiscal 2002); and (ii) health, life and disability insurance payments paid for such officer's benefit.
- (15) We agreed to pay Mr. Bracken a cash bonus equal to the difference between \$1,000,000 and his pre-tax gain on the exercise and sale of vested options of UPC. We paid Mr. Bracken such bonus in two payments of \$750,000 in May 2002 and \$250,000 in March 2003.
- (16) Amount includes (i) matching employer contributions under a pension plan (\$42,309 for Fiscal 2004, \$36,530 for Fiscal 2003 and \$32,413 for Fiscal 2002); and (ii) health, life and disability insurance payments paid for such officer's benefit.
- (17) Includes compensation related to executive's personal use of UGC's aircraft, which compensation has been calculated based upon the aggregate incremental cost of such usage to UGC for each fiscal year. For Fiscal 2004, Fiscal 2003 and Fiscal 2002, the value based on the SIFL method is \$2,128, \$12,345 and \$18,288, respectively. In accordance with applicable Treasury Regulations, UGC included the amounts based on SIFL for all such years as compensation in Mr. Schneider's reportable income. In addition, Fiscal 2004 and Fiscal 2003 also include payments related to foreign assignment consisting of a housing allowance and a cost of living allowance (\$74,537 and \$117,378, respectively) and the remainder consists of a car allowance.
- (18) Amount includes (i) matching employer contributions under UGC's 401(k) Plan of \$13,000, \$6,000 and \$5,500 for Fiscal 2004, Fiscal 2003 and Fiscal 2002, respectively; and (ii) term life insurance benefits paid by UGC for such officer's benefit.
- (19) Mr. Schneider resigned from UGC effective December 31, 2004.

The following table sets forth information concerning options and SARs granted to each of the executive officers named in the Summary Compensation Table above during Fiscal 2004.

Option/SAR Grants in Last Fiscal Year

Name	Individual Grants						Potential Realizable Value at Assumed Annual Rate of Stock Price Appreciation for Option Term(2)		
	Number of Securities Underlying Options/SARs Granted #(1)	Percentage of Total Options/SARs Granted to Employees in Fiscal Year (%)	Exercise or Base Price (\$/Sh)	Market Price on Grant Date (\$/Sh)	Expiration Date		0% (\$)	5% (\$)	10% (\$)
Michael T. Fries									
Class A Common	685,000	7.4	\$ 8.24	\$ 8.24	11/24/2014	\$ –	\$ 3,549,733	\$ 8,995,720	
Gene M. Musselman									
Class A Common	18,116	0.2	\$ 7.10	\$ 7.10	09/15/2014	\$ –	\$ 80,891	\$ 204,993	
Class A Common	400,000	4.3	\$ 8.24	\$ 8.24	11/24/2014	\$ –	\$ 2,072,837	\$ 5,252,975	
Charles H.R. Bracken									
Class A Common	3,170	*	\$ 7.10	\$ 7.10	09/15/2014	\$ –	\$ 14,155	\$ 35,870	
Class A Common	400,000	4.3	\$ 8.24	\$ 8.24	11/24/2014	\$ –	\$ 2,072,837	\$ 5,252,975	
Shane O'Neill									
Class A Common	5,435	*	\$ 7.10	\$ 7.10	09/15/2014	\$ –	\$ 24,268	\$ 61,500	
Class A Common	400,000	4.3	\$ 8.24	\$ 8.24	11/24/2014	\$ –	\$ 2,072,837	\$ 5,252,975	

* Less than 1/10th of 1 percent.

- (1) SARs granted on September 15, 2004, vested immediately and all other stock options and SARs granted to the named executive officers during Fiscal 2004 vest as to 1/10th of the shares six months after grant date and thereafter in 18 equal quarterly increments. Vesting of SARs and stock options granted would be accelerated upon a change of control of UGC as defined in the Incentive Plan.
- (2) The potential gains shown are net of the option exercise price and the SARs base price and do not include the effect of any taxes associated with exercise. The amounts shown are for the assumed rates of appreciation only, do not constitute projections of future stock price performance and may not necessarily be realized. Actual gains, if any, on exercises depend on the future performance of the underlying securities of the respective options and SARs, continued employment of the optionee through the term of the options and SARs and other factors.

The following table sets forth information concerning the exercise of options and SARs and concerning unexercised options and SARs held by each of the executive officers named in the Summary Compensation Table above as of the end of Fiscal 2004.

Aggregated Option/SAR Exercises in Last Fiscal Year and FY-End Option/SAR Values

Name	Shares Acquired on Exercise (#)	Value Realized (\$)	Number of Securities Underlying Unexercised Options/SARs at FY-End (#)		Value of Unexercised In-the-Money Options/SARs at FY-End (\$)(1)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Michael T. Fries						
Class A common stock	—	—	2,400,000	685,000	\$13,272,000	\$972,700
SARs(3)	—	\$769,925	60,000	1,270,000	\$264,000	\$6,298,700
SARs(3)(4)	—	\$437,750	—	1,030,000	—	\$1,751,000
ULA Phantom Shares(2)	—	—	200,000	—	—	—
Gene M. Musselman						
Class A common stock	—	—	—	400,000	—	\$568,000
SARs(3)	—	\$615,940	18,116	824,000	\$46,377	\$4,194,160
SARs(3)(4)	—	\$350,200	—	824,000	—	\$1,400,800
Charles H.R. Bracken						
SARs(3)	—	\$615,940	3,170	1,224,000	\$8,115	\$4,762,160
SARs(3)(4)	—	\$350,200	—	824,000	—	\$1,400,800
Shane O'Neill						
SARs(3)	—	\$615,940	5,435	1,224,000	\$13,914	\$4,762,160
SARs(3)(4)	—	\$350,200	—	824,000	—	\$1,400,800
Mark L. Schneider						
Class A common stock	—	—	1,000,000	—	\$5,530,000	—
SARs(3)	—	—	618,000	412,000	\$3,145,620	\$2,097,080
SARs(3)(4)	—	\$350,200	412,000	412,000	\$700,400	\$700,400

- (1) The value of the UGC options reported above is based on the December 31, 2004 closing price of \$9.66 per share of UGC Class A common stock as reported by the Nasdaq National Market. The value for the phantom options of ULA is based on the fair market value of \$0.00 per share as determined by the Board at or prior to December 31, 2004.
- (2) Represents the number of shares underlying phantom stock options that ULA may pay in cash or shares of Class A common stock of UGC or, if publicly traded, shares of ULA, at its election upon exercise thereof.
- (3) Represents the number of shares underlying the SARs, which UGC may pay in cash, shares of Class A common stock or a combination thereof, at its election upon exercise thereof. UGC paid cash upon the exercise of the SARs by each of the officers identified in this table.
- (4) Upon exercise, the holders of these SARs will receive the difference between the base price and the lesser of \$4.57 or the fair market value of the Class A common stock on the date of exercise and the value reflects such terms.

Agreements with Executive Officers

A subsidiary of UGC is a party to an employment agreement with Mr. Bracken and with Mr. O'Neill, respectively. Mr. Musselman has an employment agreement with us pursuant to which he is seconded to UGC Europe. These agreements are discussed below. We and a subsidiary of UGC Europe are parties to a Secondment Agreement, pursuant to which Mr. Musselman, together with certain other of our U.S. citizen employees, are seconded to an overseas subsidiary. Pursuant to the Secondment Agreement, the subsidiary reimburses us for all expenses incurred by us in connection with the seconded employees.

Charles H.R. Bracken. On December 15, 2004, UPC Services Ltd., a subsidiary of UGC, entered into a new Executive Service Agreement with Charles H.R. Bracken in connection with the continued appointment of Mr. Bracken as the Chief Financial Officer of UGC Europe and a Co-Chief Financial Officer of UGC. Mr. Bracken's Executive Service Agreement continues until terminated by either party upon six months notice. Pursuant to the Executive Service Agreement, Mr. Bracken's salary is subject to periodic adjustments and his current salary is £338,690. The Executive Service Agreement may be terminated for cause by UPC Services. Also, UPC Services may terminate Mr. Bracken's employment for

any reason upon six months notice. The Agreement also provides for a six-month severance payment from date of termination if he is terminated without cause, provided Mr. Bracken signs a release. In the event Mr. Bracken becomes incapacitated, by reason of injury or ill-health for an aggregate of 130 working days or more in any 12-month period, UPC Services may discontinue future payments under the Agreement, in whole or in part, until such incapacitation ceases.

Gene M. Musselman. In 2002, UGC and UPC entered into a new agreement with Mr. Musselman continuing as the Chief Operating Officer of UPC, and as of September 3, 2003, such agreement was amended in connection with Mr. Musselman becoming President and Chief Operating Officer – UPC Broadband Division of UGC Europe. In addition to his base salary, Mr. Musselman receives standard benefits related to his foreign assignment, including a cost of living differential, a car allowance, tuition reimbursement for dependents and air travel to the U.S. for home leave. Under the terms of this agreement, Mr. Musselman's annual salary is currently US\$572,000. In Fiscal 2002, he received a salary increase retroactive to January 2001, as reflected in the above Summary Compensation Table. The agreement also provides for a retention bonus of US\$125,000 for Fiscal 2002 and a one-time incentive bonus for Fiscal 2002 based on UPC achieving certain financial targets, and a bonus in Fiscal 2003. The maximum possible incentive bonus to Mr. Musselman for Fiscal 2002 was 30% of his base salary. These bonuses were paid as reflected in the above Summary Compensation Table. In addition, UGC has guaranteed Mr. Musselman a \$1,000,000 gain based upon vesting of his 2003 SARs grant. If the gain calculated on the percentage of vested SARs exceeds the same percentage of the guaranty for 60 days, that portion of the guaranty becomes null and void. Also, the guaranty becomes null and void if Mr. Musselman voluntarily terminates his employment or UGC terminates him for cause. The agreement may be terminated with or without cause. If his employment is terminated without cause, Mr. Musselman will be entitled to receive a severance payment equal to 24-months salary or his salary to December 31, 2007, whichever is less, and the guaranty to the extent it exceeds the gain on his vested SARs.

Shane O'Neill. On January 10, 2005, UPC Services entered into a new Executive Services Agreement with Shane O'Neill in connection with the continued appointment of Mr. O'Neill as the Chief Strategy Officer for UGC Europe and the President of chello media, both subsidiaries of UGC. The Agreement continues until terminated by either party upon six months notice. Pursuant to the Executive Service Agreement, Mr. O'Neill's salary is subject to periodic adjustments and his current salary is £300,853. The Executive Service Agreement may be terminated for cause by UPC Services. Also, UPC Services may terminate Mr. O'Neill's employment for any reason upon six months notice. The Agreement also provides for a six-month severance payment from date of termination if he is terminated without cause, provided Mr. O'Neill signs a release. In the event Mr. O'Neill becomes incapacitated, by reason of injury or ill-health for an aggregate of 130 working days or more in any 12-month period, UPC Services may discontinue future payments under the Agreement, in whole or in part, until such incapacitation ceases.

Incentive Plans and Other Compensatory Policies

1993 Stock Option Plan. The 1993 Stock Option Plan expired June 1, 2003. Options outstanding prior to such date shall continue to be recognized, but no new grants of options may be made thereafter. At December 31, 2004, employees had options to purchase an aggregate of 9,881,029 shares of Class A common stock outstanding under the 1993 Stock Option Plan at exercise prices ranging from \$3.2863 per share to \$85.63 per share and options to purchase an aggregate of 3,000,000 shares of Class B common stock at exercise prices ranging from \$3.88 per share to \$4.13 per share.

Incentive Plan. In August 2003, our Board adopted the Incentive Plan. Our stockholders approved the Plan, which was effective as of September 1, 2003 and will terminate on August 31, 2013. The Incentive Plan permits the grant of stock options, restricted stock awards, SARs, stock bonuses, stock units, and other grants of stock (collectively, "Awards") covering up to 59,000,000 shares, as amended, of Class A or Class B common stock. The number of shares increases on January 1 of each calendar year (beginning with calendar year 2004) during the duration of the Incentive Plan by 1% of the aggregate number of shares of Class A and Class B common stock outstanding on December 31 of the immediately preceding calendar year. No more than 5,000,000 shares of Class A and Class B common stock in the aggregate may be granted to a single participant during any calendar year, and no more than 3,000,000 shares may be issued under the Incentive Plan as Class B common stock. Employees, consultants, and non-employee directors of UGC and affiliated entities designated by the Board may receive Awards under the Incentive Plan, provided, however, that incentive stock options may not be granted to consultants or non-employee directors.

The Incentive Plan is generally administered by the Compensation Committee, which has discretion to determine the employees and consultants to whom Awards are granted, the number and type of shares subject to the Awards, where applicable, the exercise or base price of the Awards (which may be at, below, or above the fair market value of the Class A or Class B common stock on the date of grant), the period over which the Awards vest, the term of the Awards, and certain other provisions relating to the Awards. The Compensation Committee may, under certain circumstances, delegate to officers of UGC the authority to grant Awards to specified groups of employees and consultants. Our Board has the sole authority to grant Awards under the Incentive Plan to non-employee directors. At December 31, 2004, employees had received Awards based on 35,006,581 shares of Class A common stock at base prices ranging from \$2.87 per share to \$8.24 per share.

United Latin America Stock Option Plan. The ULA Stock Option Plan (the "ULA Plan") expired June 1, 2003. Options outstanding prior to such date shall continue to be recognized, but no new grants of options may be made thereafter. Only phantom stock options have been granted. The phantom options give the holder the right with respect to vested options to receive a cash payment equal to the difference between the fair market value of a share of ULA stock and the option base price per share. Upon exercise and at the sole discretion of ULA, the options may be paid in cash or in shares of UGC's Class A common stock, or, if publicly traded, shares of ULA common stock. If the employee's employment terminates other than in the case of death, disability or the like, all unvested options lapse and all vested options must be exercised within 90 days of the termination date. At December 31, 2004, options based on 644,739 shares were outstanding under the ULA Plan at base prices ranging from \$8.81 per share to \$19.23 per share.

Severance Policy. In connection with the Founders Transaction, we modified our severance policy for all employees generally and as to certain specified executive officers, including Michael T. Fries. With respect to such specified executive officers, the modified policy provides that in the event of a change of control or the closing of the Founders Transaction (the "Effective Date"), if prior to January 5, 2005, the one-year anniversary of the Effective Date, the officer is terminated without cause, terminates for good reason or gives notice of termination for any reason prior to the 30th day preceding the first anniversary of the Effective Date, then UGC will pay a lump sum payment equal to (i) such officer's monthly base salary times 36 minus the number of months from the Effective Date to the termination date, (ii) unpaid salary through the termination date, (iii) any bonus payable prorated to the termination date, and (iv) any accrued and unpaid vacation pay or other compensation benefits. In addition, any equity incentive awards

granted prior to June 30, 2003, vest in full and will be exercisable until the third anniversary of the termination date. For a termination within one year following the closing of the Founders Transaction, any other equity incentive awards held by the officer on the Effective Date and granted more than 12 months prior to the date of termination will vest through the period ending on the second anniversary of such termination date and will be exercisable until the first anniversary of such termination date. For a termination related to any other change of control, all equity incentive awards held at that time will vest in full and will be exercisable until the third anniversary of the termination date. With respect to a termination of a specified executive officer without cause or by such officer for good reason unrelated to a change of control, UGC will pay such officer a lump sum payment equal to three months' base salary for each year of employment up to a maximum of two years' base salary. With respect to a termination by UGC of a specified executive officer without cause and unrelated to a change of control, any equity incentive awards granted more than 12 months prior to the termination date will vest through the period ending on the second anniversary of the date of termination and will be exercisable until the first anniversary of the date of termination. Notwithstanding the foregoing, no exercise of an equity incentive award may occur after the expiration date of such award. Also, any payment to be made and vesting of awards pursuant to our severance policy is subject to the officer signing a release and a covenant of non-compete for a term of 24 months. In November 2004, the Compensation Committee offered to extend the one-year anniversary period to March 31, 2005, for certain of our officers. In March 2005, the Compensation Committee further extended such period to April 30, 2005 for one of our officers.

Compensation of Directors

We compensate our outside directors at \$20,000 per year and \$1,500 per board and committee meeting attended (\$750 for telephonic meetings). Directors who are also our employees or employees of LMI receive no additional compensation for serving as directors. We reimburse all of our directors for travel and out-of-pocket expenses in connection with their attendance at meetings of the Board. Messrs. Cole, Dick and Gould, three of our independent directors, will also receive a one-time fee of \$95,000 each for serving on a special committee for the Liberty Global Transaction. Prior to March 2003, under the Non-Employee Directors Stock Option Plan effective June 1, 1993 (the "1993 NED Plan"), each non-employee director received options for 20,000 shares of common stock upon the effective date of the 1993 NED Plan or upon election to the Board, as the case may be. Effective March 14, 2003, the Board terminated the 1993 NED Plan. Messrs. Bennett, Cole and Howard have options under the 1993 NED Plan, all of which were granted at fair market value.

The non-employee directors also participate in the Non-Employee Director Stock Option Plan effective March 20, 1998 (the "1998 NED Plan") and in the Incentive Plan. Pursuant to the 1998 Plan, Mr. Cole has options to acquire an aggregate of 180,000 shares of Class A common stock, Mr. Malone has options to acquire an aggregate of 110,000 shares of Class A common stock and Messrs. Bennett and Howard each have options for an aggregate of 80,000 shares of Class A common stock. All options under the 1998 Plan have been granted at the fair market value of the shares at the time of grant, except the options granted to Messrs. Bennett and Howard, which were granted at greater than fair market value at the time of grant. Pursuant to the 1998 NED Plan, on March 11, 2004, Messrs. Dick and Gould have each been granted options to acquire 100,000 shares of Class A common stock. Mr. Gould's options were granted at the fair market value of the shares at the time of grant and Mr. Dick's options were granted at less than fair market value at the time of grant. Additional participation in the 1998 NED Plan and the Incentive Plan is at the discretion of the Board.

There are no other arrangements whereby any of our directors received compensation for services as a director during Fiscal 2004 in addition to or in lieu of that specified by the aforementioned standard arrangement.

Compensation Committee Interlocks and Insider Participation

On January 5, 2004, our Board elected a new Compensation Committee consisting of Messrs. Bennett, Cole, Dick and Malone. Prior to that, the Compensation Committee had consisted of all outside directors of UGC. Each of such committee members is not and has not been an officer of UGC or any of its subsidiaries. None of our executive officers has served as a director or member of a compensation committee of another company that had an executive officer also serving as a director or member of the Compensation Committee.

Limitation of Liability and Indemnification

UGC's Restated Certificate of Incorporation eliminates the personal liability of the directors to UGC and its stockholders for monetary damages for breach of the directors' fiduciary duties in certain circumstances. The Restated Certificate of Incorporation and Bylaws provide that we shall indemnify our officers and directors to the fullest extent permitted by law. We believe that such indemnification covers at least negligence and gross negligence on the part of indemnified parties.

In addition to the foregoing, we have entered into Indemnification Agreements with each of our directors, our named executive officers and certain other officers. Pursuant to such Agreements and as permitted by our Bylaws, we will indemnify any such person to the fullest extent permitted by law against any and all expenses, judgments, fines, penalties and settlements incurred as a result of being a party or threatened to be a party in a legal proceeding as a result of being our director or officer. Also, we will advance expenses if requested by the indemnitee. We are not, however, obligated to indemnify or advance expenses if it is determined that the indemnitee is not entitled to the same by a written opinion of the Board or independent counsel or other person appointed by the Board to make such determination.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth as of February 28, 2005 (unless otherwise stated in a footnote), certain information concerning the beneficial ownership of all classes of our common stock by:

- each stockholder who is known by us to own beneficially more than 5% of any class of the outstanding common stock at such date;
- each of our directors;
- each of our named executive officers; and
- all of our directors and named executive officers as a group.

At the election of the holder, shares of Class B common stock are convertible immediately into shares of Class A common stock on a one-for-one basis. Also, shares of Class C common stock are convertible into either shares of Class A common stock or shares of Class B common stock.

Shares issuable within 60 days upon exercise of options, conversion of convertible securities, exchange of exchangeable securities or upon vesting of restricted stock awards are deemed to be outstanding for the purpose of computing the percentage ownership and overall voting power of persons beneficially owning such securities, but have not been deemed to be outstanding for the purpose of computing the percentage ownership or overall voting power of any other person. So far as we know, the persons indicated below have sole voting and investment power with respect to the shares indicated as owned by them, except as otherwise stated below and in the notes to the table. The number of shares indicated as owned by all of our named executive officers includes interests in shares held by the trustee of UGC's defined contribution 401(k) Plan as of December 31, 2004. The shares held by the trustee of the 401(k) Plan for the benefit of these persons are voted as directed by such persons.

Beneficial Ownership

Beneficial Owner	Title of Class	Amount and Nature of Beneficial Ownership	Percent of Class(1)	Percent of Voting Power
Robert R. Bennett	Class A Common	207,352(2)	*	*
Charles H.R. Bracken	Class A Common	—	—	—
John P. Cole, Jr.	Class A Common	381,976(3)	*	*
John W. Dick	Class A Common	52,083(4)	*	*
Bernard G. Dvorak	Class A Common	3,023(5)	*	*
Michael T. Fries	Class A Common	2,426,652(6)	*	*
Paul A. Gould	Class A Common	180,980(7)	*	*
Gary S. Howard	Class A Common	79,166(8)	*	*
David B. Koff	Class A Common	—	—	—
John C. Malone	Class A Common	93,333(9)	*	*
Gene M. Musselman	Class A Common	9,250(10)	*	*
Shane O'Neill	Class A Common	—	—	—
Gene W. Schneider	Class A Common	2,045,086(11)	*	
	Class B Common	2,900,702(12)	21.7%	
	Total	4,945,788		*
Frederick G. Westerman III	Class A Common	846,332(13)	*	*
All directors and executive officers as a group	Class A Common	6,325,233	1.6%	
	Class B Common	2,900,702	21.7%	
	Total	9,225,935		*
LMI(14)	Class A Common	35,829,310	8.9%	
	Class B Common	10,493,461	100.0%	
	Class C Common	377,461,951	99.4%	
	Total	423,784,722		91.0%
Capital Research and Management Company(15)	Class A Common	55,909,250	13.9%	1.3%
Credit Suisse First Boston(16)	Class A Common	39,285,748	9.8%	*
OppenheimerFunds, Inc.(17)	Class A Common	31,380,150	7.8%	*

* Less than 1%.

- (1) The figures for the percent or number of shares of each class are based on 401,673,781 shares of Class A common stock (after elimination of treasury shares and shares of UGC held by its subsidiaries), 10,493,461 shares of Class B common stock (after elimination of treasury shares) and 379,603,223 shares of Class C common stock, respectively, outstanding on February 28, 2005.
- (2) Includes 79,166 shares of Class A common stock that are subject to presently exercisable options or will be in the next 60 days, and 128,186 shares of Class A common stock owned by Hilltop Investments, Inc., which is jointly owned by Mr. Bennett and his spouse.
- (3) Includes 203,333 shares of Class A common stock that are subject to presently exercisable options or will be in the next 60 days.
- (4) Includes 52,083 shares of Class A common stock that are subject to presently exercisable options or will be in the next 60 days.
- (5) Includes 1,677 shares of Class A common stock held by the trustee of the 401(k) Plan for the benefit of Mr. Dvorak.
- (6) Includes 2,400,000 shares of Class A common stock that are subject to presently exercisable options and 8,289 shares of Class A common stock held by the trustee of the 401(k) Plan for the benefit of Mr. Fries. Also includes 210 shares of Class A common stock held by his spouse.
- (7) Includes 31,250 shares of Class A common stock that are subject to presently exercisable options or will be in the next 60 days.
- (8) Includes 79,166 shares of Class A common stock that are subject to presently exercisable options or will be in the next 60 days.
- (9) Includes 93,333 shares of Class A common stock that are subject to presently exercisable options or will be in the next 60 days.
- (10) Includes 7,977 shares of Class A common stock held by the trustee of the 401(k) Plan for the benefit of Mr. Musselman.
- (11) Includes 1,766,341 shares of Class A common stock that are subject to presently exercisable options and 9,931 shares of Class A common stock held by the trustee of the 401(k) Plan for the benefit of Mr. Schneider. Also includes 712 shares of Class A common stock held by a trust of which Mr. Schneider is a beneficiary and a trustee and 66 shares of Class A common stock held by his spouse. The number of shares of Class A common stock in the table does not reflect the conversion of shares of Class B common stock by Mr. Schneider.

- (12) Includes 2,900,702 shares of Class B common stock that are subject to presently exercisable options.
- (13) Includes 840,000 shares of Class A common stock that are subject to presently exercisable options and includes 6,332 shares of Class A common stock held by the trustee of the 401(k) Plan for the benefit of Mr. Westerman.
- (14) The number of shares of Class A common stock, Class B common stock and Class C common stock in the table is based upon Amendment No. 1 to the Schedule 13D dated January 17, 2005, filed by LMI. The address of LMI is 12300 Liberty Boulevard, Englewood, Colorado 80112. Robert R. Bennett, Bernard G. Dvorak, Gary S. Howard, David B. Koff, and John C. Malone, all directors of UGC, are also officers and/or directors of LMI. The number of shares of Class A common stock and Class B common stock in the table do not reflect the conversion of shares of Class B common stock and Class C common stock by LMI.
- (15) The number of shares of Class A common stock in the table is based upon Amendment No. 8 to the Schedule 13G dated December 31, 2004, filed by Capital Research and Management Company ("Capital Research") and The Growth Fund of America, Inc. ("Growth Fund"). Capital Research, an investment advisor, is the beneficial owner of 55,909,250 shares of Class A common stock, as a result of acting as investment advisor to various investments companies, but disclaims beneficial ownership pursuant to Rule 13d-4 of the Exchange Act of 1934. Growth Fund, an investment company advised by Capital Research, is the beneficial owner of 25,200,000 shares of Class A common stock. The Schedule 13G reflects that Capital Research has no voting power over said shares and sole dispositive power over the shares of Class A common stock and that Growth Fund has sole voting power over its shares but no dispositive power. The address of Capital Research and Growth Fund is 333 South Hope Street, Los Angeles, CA 90071.
- (16) The number of shares of Class A common stock in the table is based upon a Schedule 13G dated December 31, 2004, filed by Credit Suisse First Boston on behalf of Credit Suisse First Boston business unit ("CSFB"). CSFB is a bank and provides financial advisory services and through Credit Suisse Asset Management provides asset management and investment advisory services. CSFB also filed as a parent holding company or control person. Its ultimate parent is Credit Suisse Group, which disclaims beneficial ownership of the shares reported by CSFB. The Schedule 13G reflects that CSFB has shared voting and shared dispositive powers over the Class A common stock. The address of CSFB is: Uetlibergstrasse 231, P.O. Box 900, CH 8070 Zurich, Switzerland. The address of Credit Suisse Group is: Paradeplatz 8, P.O. Box 1, CH 8070 Zurich, Switzerland.
- (17) The number of shares of Class A common stock in the table is based upon a Schedule 13G dated December 31, 2004, filed by OppenheimerFunds, Inc. OppenheimerFunds, Inc. is an investment advisor and disclaims beneficial ownership pursuant to Rule 13d-4 of the Exchange Act of 1934. The Schedule 13G reflects that OppenheimerFunds, Inc. has no voting power and shared dispositive power over the Class A common stock. The address of OppenheimerFunds, Inc. is 225 Liberty Street, 11th Floor, New York, NY 10018.

No equity securities in our parent or any of our subsidiaries, including directors' qualifying shares, are owned by any of our executive officers or directors, except for the following. LMI, a publicly traded company, is our majority stockholder. The following table sets forth information concerning the beneficial ownership by our directors and named executive officers in shares of Series A common stock and shares of Series B common stock of LMI as of January 1, 2005, and within 60 days thereof with respect to stock options.

Beneficial Ownership of LMI

Beneficial Owner	Title of Class	Amount and Nature of Beneficial Ownership(1)
Robert R. Bennett	LMI Series A	239,653(2)
	LMI Series B	731,986(3)
John P. Cole, Jr.	LMI Series A	1,083
Bernard G. Dvorak	LMI Series A	372(4)
Paul A. Gould	LMI Series A	101,383(5)
	LMI Series B	36,709
Gary S. Howard	LMI Series A	389,146(6)
David B. Koff	LMI Series A	64,973(7)
John C. Malone	LMI Series A	953,139(8)
	LMI Series B	8,506,025(9)
Gene Musselman	LMI Series A	104
Gene W. Schneider	LMI Series A	554,797(10)
All directors and executive officers as a group	LMI Series A	2,304,650
	LMI Series B	9,274,720

- (1) On an individual basis, none of the persons listed own greater than 1.0% of LMI's outstanding Series A common stock or LMI's outstanding Series B common stock, except for Messrs. Bennett and Malone. The LMI securities beneficially owned by Mr. Bennett represent approximately 9.2% of LMI's outstanding Series B common stock, which together with his shares of Series A common stock represents approximately 3.1% of the voting power of LMI. The LMI securities beneficially owned by Mr. Malone represent approximately 91.1% of LMI's outstanding Series B common stock, which together with his shares of LMI Series A common stock represents approximately 33.2% of the voting power of LMI. As a group, the officers and directors listed beneficially own approximately 1.4% of LMI's Series A common stock and approximately 92.0% of LMI's Series B common stock, which collectively represents approximately 35.6% of the voting power of LMI.
- (2) Includes 75,084 shares owned by Hilltop Investments, Inc., which is jointly owned by Mr. Bennett and his spouse, 1,652 shares held by the trustee of the 401(k) savings plan of LMC, and stock options for 12,002 shares that are currently exercisable or will be in the next 60 days.
- (3) Includes 24 shares owned by Hilltop Investments, Inc., which is jointly owned by Mr. Bennett and his spouse, and stock options for 731,962 shares are currently exercisable or will be in the next 60 days. Mr. Bennett has the right to convert the options to purchase shares of LMI Series B common stock into options to purchase shares of LMI Series A common stock.
- (4) Includes stock options for 372 shares that are currently exercisable or will be in the next 60 days.
- (5) Includes stock options for 586 shares that are currently exercisable or will be in the next 60 days.
- (6) Includes 2,300 shares held by the trustee of the 401(k) savings plan of LMC and 20,940 shares held by a Grantor Retained Annuity Trust. Also includes 614 shares owned by his spouse to which Mr. Howard disclaims beneficial ownership and 11,108 shares owned by his spouse and held by a Grantor Retained Annuity Trust to which Mr. Howard disclaims beneficial ownership and stock options for 302,640 shares that are currently exercisable or will be in the next 60 days.
- (7) Includes 675 shares held by the trustee of the 401(k) savings plan of LMC, 1,250 restricted shares, none of which are vested but on which Mr. Koff can exercise voting rights, and stock options for 53,615 shares that are currently exercisable or will be in the next 60 days.
- (8) Includes 90,303 shares owned by his spouse, to which Mr. Malone disclaims beneficial ownership. Also includes 198 shares held by a trust to which Mr. Malone is the sole trustee and, with his spouse, retains a unitrust interest in such trust. Also includes 46,943 shares held by the trustee of the 401(k) savings plan of LMC and stock options for 221 shares that are currently exercisable or will be in the next 60 days.
- (9) Includes 204,566 shares owned by his spouse, to which Mr. Malone disclaims beneficial ownership. Also includes 1,042,628 shares held by a trust to which Mr. Malone is the trustee and holder of 100% of the unitrust, and stock options for 2,072,577 shares that are currently exercisable or will be in the next 60 days. Mr. Malone has the right to convert options to purchase 504,015 shares of LMI Series B common stock into options to purchase shares of LMI Series A common stock.
- (10) Includes 199,261 shares held by G. Schneider Holdings, LLLP to which Mr. Schneider is the general partner, 1,155 shares held by a trust of which Mr. Schneider is a beneficiary and a trustee; 1,577 shares held by his spouse, and an aggregate of 1,555 shares held by separate trusts for the benefit of his children and two of his grandchildren, respectively, to which Mr. Schneider is the sole trustee. Also includes 43 shares held by the trustee of the 401(k) Plan.

LMI currently owns 100.0% of the outstanding shares of our Class B common stock and approximately 99.4% of the outstanding shares of our Class C common stock, as well as approximately 8.9% of the outstanding shares of our Class A common stock. This represents 53.5% of the outstanding shares of all our common stock (computed assuming the conversion of shares of Class B common stock and Class C

common stock to shares of Class A common stock) and approximately 91.0% of the total voting power of our common stock. LMI has the ability to elect our entire board of directors and otherwise to generally control us. LMI has sufficient voting power, without the vote of any other stockholder, to determine the outcome of any action presented to a vote of our stockholders, including the approval of extraordinary corporate transactions and amendments to our Restated Certificate of Incorporation and Bylaws. In connection with the Liberty Global Transaction, LMI has agreed the approval of that transaction will, in addition, require the approval of a majority of the aggregate voting power of the outstanding shares of our common stock, other than shares beneficially owned by LMI, LMC, any of their respective subsidiaries or any of the executive officers or directors of LMI, LMC or UGC. The interests of LMI may diverge from your interests, and it may be in a position to cause or require us to act in a way that is inconsistent with the general interests of the holders of our common stock.

On January 5, 2004, LMC entered into a new standstill agreement with us, which LMC subsequently assigned to LMI. Such agreement generally limits LMI's ownership of our common stock to 90% or less, unless LMI makes an offer or effects another transaction to acquire all of our common stock. Except in the case of a short-form merger in which our stockholders are entitled to statutory appraisal rights, such offer or transaction must be at a price at or above a fair value of our shares determined through an appraisal process if a majority of our independent directors has voted against approval or acceptance of such transaction. On January 18, 2005, LMI and UGC announced they had reached an agreement to combine their businesses under a single entity. See "Item 13. Certain Relationship and Related Transactions – Liberty Global Transaction".

The following table summarizes our equity compensation plan information as of December 31, 2004:

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights(1)	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	48,617,610	\$5.59	32,987,924
Equity compensation plans not approved by security holders	–	–	–
Total	48,617,610	\$5.59	32,987,924

- (1) 11,523,022 shares represent "capped" SARs where the holder of these SARs will only receive the difference between the base price and the lesser of \$4.57 or the fair market value of our Class A common stock on the date of exercise; 18,558,972 shares represent SARs without a cap with a weighted-average exercise price of \$5.40; 12,881,029 shares represent stock options granted under the 1993 Stock Option Plan with a weighted-average exercise price of \$7.52; 730,000 shares represent stock options granted under the 1993 NED Plan and the 1998 NED Plan with a weighted-average exercise price of \$5.11; 4,700,000 shares represent stock options granted under the Incentive Plan with a weighted average exercise price of \$7.72; and 224,587 shares represent restricted stock awards granted under the Incentive Plan.

For further discussion of the material features of our plans, see "Item 11. – Executive Compensation".

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Transactions with LMI

Liberty Global Transaction

On January 17, 2005, LMI and we entered into an Agreement and Plan of Merger, pursuant to which UGC and LMI have agreed to effect a business combination transaction whereby (i) UGC and LMI would become wholly-owned subsidiaries of a newly organized Delaware corporation to be named "Liberty Global, Inc." and (ii) stockholders of UGC and LMI would become stockholders of Liberty Global. Consummation of the Liberty Global Transaction is subject to various conditions, including the approval of the stockholders of UGC and LMI. Upon consummation of the Liberty Global Transaction, each issued and outstanding share of LMI common stock will be converted into one share of the same series of common stock of Liberty Global and each issued and outstanding share of UGC common stock, other than shares owned by LMI or its wholly owned subsidiaries or by UGC, will be exchanged into 0.2155 of a share of Series A common stock of Liberty Global. A cash election alternative of \$9.58 per UGC share will be available to the UGC shareholders subject to proration so that the amount of cash paid does not exceed 20% of the value of the total consideration payable to UGC's public shareholders.

Liberty Global expects to have a 10-member board of directors with five directors selected from each of the existing boards of directors of LMI and UGC. Dr. John C. Malone will be the Chairman of the Board of Directors and Mr. Michael T. Fries will assume the post of President and Chief Executive Officer. Given the substantial liquidity and free cash flow profile of the combined company, the parties expect that Liberty Global's board of directors will authorize a substantial stock repurchase program following the combination. Any share repurchases would occur from time to time in the open market or in privately negotiated transactions, subject to market conditions.

The Liberty Global Transaction, which has been negotiated and approved by a special committee of the independent directors of UGC, is subject to LMI and UGC stockholder approval, which in the case of UGC will include an affirmative vote of a majority of the aggregate voting power of the outstanding shares of UGC common stock, other than shares beneficially owned by LMI, LMC, any of their respective subsidiaries or any executive officer or director of LMI, LMC or UGC, and other customary consents and approvals. The transaction is expected to close in the second quarter of this year.

Telenet Acquisition

On December 16, 2004, chellomedia Belgium acquired BCH for \$121.1 million in cash. BCH's only assets were debt securities of CPE and one of the two InvestCos, and related contract rights. On December 17, 2004 we entered into a restructuring transaction with CPE and certain other parties. In this restructuring, BCH purchased equity of Belgian Cable Investors, consisting of a 78.4% common equity interest and a 100% preferred equity interest for cash proceeds of \$137.95 million and the InvestCo debt security. Belgian Cable Investors then distributed \$115.6 million of these proceeds to CPE, which used the proceeds to repurchase the CPE debt securities held by BCH. CPE owns the remaining 21.6% of the common equity of Belgian Cable Investors. Belgian Cable Investors holds an indirect 14.1% interest in Telenet and certain call options expiring in 2007 and 2009 to acquire 3.36 million shares (11.6%) and 5.11 million shares (17.6%), respectively, of the outstanding equity of Telenet from existing shareholders. Belgian Cable Investors' indirect 14.1% interest in Telenet results from its majority ownership of the

InvestCos, which hold in the aggregate 19.0% of the common stock of Telenet, and a shareholders agreement among Belgian Cable Investors and three unaffiliated investors in the InvestCos that governs the voting and disposition of 21.4% of the stock of Telenet, including the stock held by the InvestCos. Pursuant to the Telenet shareholders agreement, the InvestCos are able to vote a 25% interest, plus one vote on certain Telenet matters that require a 75% vote to pass. In addition, through our interest in the InvestCos, we have two representatives on Telenet's board of directors.

Chorus Acquisition

On December 16, 2004, we and certain of our subsidiaries entered into a Stock Purchase and Sale Agreement ("Chorus Agreement") with LMI and certain of its subsidiaries. Pursuant to the Chorus Agreement, on December 16, 2004, our wholly-owned subsidiary acquired from a subsidiary of LMI 100% of the issued share capital of PHL, an Irish pay television company. The purchase price was paid by the issuance of 6,413,991 shares of our Class A common stock, par value \$0.01 per share, valued at \$8.5915 per share (\$55.1 million in the aggregate), based on the volume weighted average price of the ten trading day period ending on December 14, 2004. The Chorus Agreement provides that on or before June 16, 2005, the Company is obligated to cause PHL to refinance and repay the loan made by LMI's subsidiary to PHL and certain of its subsidiaries. The balance of this loan, not including accrued interest, was €79.5 million as of December 31, 2004.

UPC Refinancing

On December 2, 2004, UPC Broadband entered into an Additional Facility Accession Agreement (the "Agreement") with TD Bank Europe Limited, as Facility Agent, and the banks listed in the Agreement, with respect to the partial refinancing of UPC Broadband's existing senior bank facility (the "Refinancing"). The Refinancing added a new tranche ("Facility F") for €537 million, increased UPC Broadband's average debt maturity and available liquidity and reduced its average interest margin.

The net proceeds from Facility F have been applied to: (a) prepay all outstanding amounts under UPC Broadband's Facility A revolver; (b) prepay approximately €102 million of a portion of the term loan Facility B that matures in June 2006; and (c) prepay €178 million of Facility C debt. With respect to the Facility C debt, the amount paid was at 101% of par. LMI and two of our directors, Messrs. Malone and Bennett, each had an indirect interest in the Facility C debt through contractual arrangements with third party investors of Facility C. Prior to the closing of the Refinancing, however, Mr. Bennett disposed of his interest with the third party pursuant to the terms of his contractual arrangement. The third parties through whom LMI and Mr. Malone held their respective interests elected to participate in the Refinancing and as a result LMI and Mr. Malone disposed of their interest pursuant to their respective contractual arrangements with the third party investors. Because of LMI's, Mr. Malone's and Mr. Bennett's indirect interest in Facility C, our Related Party Committee reviewed and approved the Refinancing price of 101% of par prior to the closing.

Metrópolis and VTR

In January 2004, Liberty Media International Holdings, LLC, a subsidiary of LMI, LMC and CristalChile Comunicaciones S.A. ("CristalChile"), LMI's partner in Metrópolis-Intercom S.A., a cable operator in Chile, entered into an agreement pursuant to which each agreed to use its respective commercially reasonable efforts to combine the businesses of Metrópolis and VTR, in an effort to facilitate the

provision of enhanced services to cable and telecommunications consumers in the Chilean marketplace. The combination is subject to certain conditions, including the execution of definitive agreements, Chilean regulatory approval, the approval of our board of directors (including the independent members of our board of directors) and the boards of directors of LMI, CristalChile and VTR and the receipt of necessary third party approvals and waivers. The Chilean antitrust authorities approved the combination in October 2004. In November 2004, an action was filed with the Chilean Supreme Court seeking to reverse such approval. That Chilean Supreme Court action was dismissed on March 10, 2005. If the proposed combination is consummated as contemplated, we will own 80% of the voting and equity rights in the combined entity, CristalChile will own the remaining 20% and LMI will receive a promissory note from the combined entity. CristalChile will have the right to elect 1 of the 5 members of the new entity's board and will have veto rights over certain material decisions for so long as CristalChile owns at least a 10% equity interest in the merged entity. In addition, CristalChile will have a put right which will allow CristalChile to require us to purchase all, but not less than all, of its interest in the combined entity, which put right will end on the tenth anniversary of the combination, at the fair market value of the interest, subject to a minimum price.

Standstill Agreement

LMC entered into a new standstill agreement with us prior to the consummation of the Founders Transaction. Such standstill agreement replaced a standstill agreement that LMC and we entered into at the closing of the 2002 merger transaction. Pursuant to the new standstill agreement, LMC has agreed, and has agreed to cause its controlled affiliates, not to acquire additional shares of our common stock if immediately after giving effect to such acquisition their ownership of us would exceed 90% of all of our common stock then outstanding, which we refer to as a "triggering acquisition", unless before or promptly following the triggering acquisition, or in connection therewith, LMC commences or causes to be commenced a transaction that involves an offer to acquire or that results in the acquisition of all of the outstanding shares of our common stock that are held by persons not affiliated with LMC, which transaction may be a tender offer, exchange offer, merger or other transaction at LMC's election and which we refer to as a "buyout transaction". A buyout transaction may be effected by means of a short-form merger of a parent and subsidiary as contemplated by Section 253 of the Delaware General Corporation Law (or its equivalent under the law of any other jurisdiction) with respect to which statutory appraisal rights are available to holders of minority interests, or a "short-form merger". If a buyout transaction is to be effected otherwise than pursuant to a short-form merger, and a majority of our independent directors have voted against approval or have recommended against acceptance of such buyout transaction, LMC may, but is not required to, proceed with the buyout transaction only if the value of the consideration to be paid per share in such buyout transaction, at the time such buyout transaction is approved or allowed to proceed, is not less than a fair price for our common stock as determined pursuant to an independent appraisal process set forth in the new standstill agreement. LMC has agreed not to effect a direct or indirect transfer of shares of our common stock representing control of us to any person or group unless the person who, after giving effect to such transfer, will control us undertakes to become a party to the new standstill agreement. Upon delivery of such an undertaking, LMC will be released of all obligations under the new standstill agreement. Under the terms of this new standstill agreement, we continue to permit LMC and its affiliates, upon request, to exchange any shares of our Class A common stock owned by them for shares of our Class C common stock, or, following the conversion of our Class C common stock, our Class B common stock, on a one-for-one basis.

On May 21, 2004, LMC contributed substantially all of its shares of our common stock to LMI, which at that time was a wholly-owned subsidiary of LMC. On June 7, 2004, LMC distributed all of the capital stock of LMI to LMC's stockholders in a spin-off. Pursuant to an Assignment and Assumption Agreement between LMC and LMI, dated May 21, 2004, LMC assigned to LMI all of LMC's rights and obligations with respect to the standstill agreement between us and LMC. This standstill agreement is expected to terminate upon consummation of the Liberty Global Transaction.

Exercise of Preemptive Rights

Pursuant to the terms of an agreement with LMC, if we propose to issue any of our Class A common stock or rights to acquire our Class A common stock, LMI, as assignee of LMC, has the right, but not the obligation, to purchase a portion of such issuance on terms at least as favorable as those given to any third party purchasers sufficient to permit LMI and its affiliates to hold a number of our equity securities equal to the lesser of 55.0% of our total outstanding common stock and its then existing equity percentage in us. This preemptive right does not apply to (i) the issuance of our Class A common stock or rights to acquire our Class A common stock in connection with the acquisition of a business from a third party not affiliated with us or any founder that is directly related to our and our subsidiaries' existing business, (ii) the issuance of options to acquire our Class A common stock to employees pursuant to employee benefit plans approved by our board (such options and all shares issued pursuant thereto not to exceed 10.0% of our outstanding common stock), (iii) equity securities issued as a dividend on all equity securities or upon a subdivision or combination of all outstanding equity securities, or (iv) equity securities issued for which LMC had the right to exercise preemptive rights. Based on the foregoing provisions, in January 2004, prior to LMC assigning the standstill agreement to LMI, LMC exercised its preemptive right based on shares of Class A common stock issued by us to acquire UGC Europe. As a result, LMC acquired an additional 18,293,539 shares of Class A common stock at \$7.6929 per share. LMC paid for the shares through the cancellation of \$102.7 million of notes we owed LMC and the balance in cash. In addition, in February 2004, LMC exercised its preemptive right based on shares of Class A common stock issued by us in connection with the bankruptcy proceedings of UPC Polska and, as a result, acquired an additional 2,413,355 shares of Class A common stock at \$6.9026 per share in March 2004. Also in March 2004, we notified LMC of its preemptive right based on shares of Class A common stock issued by us in the settlement with certain minority shareholders of a subsidiary of ours in France; however, LMC elected not to exercise this right. Since the assignment of the standstill agreement to LMI, no preemptive rights have occurred for LMI.

Registration Rights Agreement

On January 30, 2002, UGC, LMC and certain subsidiaries of LMC entered into a registration rights agreement. In connection with the spin-off by LMC of LMI, LMI became entitled to the benefits of the demand and piggy-back registration rights set forth in the registration rights agreement. The registration rights agreement is expected to terminate upon consummation of the Liberty Global Transaction.

Services Agreement

At the closing of the LMC spin-off of LMI, LMI and we entered into a services agreement. The services agreement sets forth the terms and provisions concerning our provision of payroll, payroll-related services and certain welfare and benefit plans to employees of LMI and such other services as LMI and we may mutually determine to be necessary or desirable from time to time. Also pursuant to the services

agreement, LMI provides tax and accounting services to us when requested from time to time. For the services we provide, LMI pays us an annual fee of \$20,000, plus reimbursement of expenses. For the services LMI provides us, we will pay LMI a pro rata portion of the costs and expenses incurred by LMI. LMI and we are currently considering an amendment to this agreement to include other services shared by LMI and us. During 2004, LMI paid us an aggregate of approximately \$407,338, which includes reimbursement for payroll and welfare and benefit plan costs incurred by UGC for LMI employees. We did not use any of LMI's services in Fiscal 2004. We also have a side letter agreement with LMI on sharing expenses of an LMI employee who is also doing work for our European subsidiaries for three months in 2005. The services agreement is expected to terminate upon consummation of the Liberty Global Transaction.

Lease

In 2003, LMC and our indirect subsidiary chello broadband have a lease arrangement for the sublease of office space in the United Kingdom. Mid-2004, LMC assigned the lease to LMI in connection with LMC's spin-off of LMI. As a result, in 2004 LMI incurred approximately \$61,800 in costs for the leased premises. The sublease is subject to the lease of chello broadband for such premises but may be terminated at any time by either party upon two weeks notice. The foregoing lease amounts are based on actual costs and all services and goods are recharged to LMI at cost. In 2005, LMI is expected to reduce the amount of space it is currently leasing from chello broadband.

Commercial Agreements

In the ordinary course of business, we acquire programming from various vendors, including Pramer S.C.A. ("Pramer"). Pramer is an indirect wholly-owned subsidiary of LMI. Our subsidiaries, VTR and StarGlobalCom, have programming agreements with Pramer. For 2004, the cost of the Pramer agreement in the aggregate was approximately \$0.77 million. From time to time we incur charges from LMI, or provide services for LMI, in the ordinary course of business. See "Services Agreement" above.

IDT United Transactions

Prior to the merger transaction with LMC on January 30, 2002, we acquired from LMC \$751.2 million aggregate principal amount at maturity of the senior notes of Old UGC, as well as all of LMC's interest in IDT United. The purchase price for the senior notes and LMC's interest in IDT United was:

- our assumption of approximately \$304.6 million of indebtedness owed by LMC to Old UGC (due January 30, 2004); and
- cash in the amount of approximately \$143.9 million.

On January 30, 2002, LBTW I, Inc., a subsidiary of LMC, loaned us \$17,270,537, of which \$2,302,800 was used to purchase shares of preferred stock and promissory notes issued by IDT United. Following January 30, 2002, LBTW I, Inc. loaned us an additional \$2,082,000, \$6,696,000, \$34,759,200, \$36,417,600 and \$5,502,520, as evidenced by promissory notes dated January 31, 2002, February 1, 2002, February 4, 2002, February 5, 2002 and February 28, 2002, respectively. We used the proceeds of these loans to purchase additional shares of preferred stock and convertible promissory notes issued by IDT United. These notes to LBTW I, Inc. accrued interest at 8.0% annually, compounded and payable quarterly, and each note originally matured on its first anniversary. As a result of our purchase of UPC's interest in SBS

in April 2003, pursuant to a loan deferral agreement dated January 28, 2003, LMC agreed to extend for one year the maturity of the principal of these loans. No interest on these loans was deferred by such loan deferral agreement.

In connection with the Founders Transaction, LMC extended the maturity date of the \$102.7 million of notes until January 2009. The other current terms of the notes remained unchanged. Subsequently in 2004, LMC exercised its preemptive rights to acquire additional shares of Class A common stock and the purchase price for the shares acquired by LMC was paid first from the cancellation of the \$102.7 million of notes and with the remainder paid in cash. See "– Exercise of Preemptive Rights".

Mark L. Schneider Transactions

In 1999, chello broadband loaned Mr. Schneider €2,268,901 so that he could acquire certificates evidencing the economic value of stock options granted to Mr. Schneider in 1999 for chello broadband ordinary shares B. This recourse loan became due and payable in August 2004, at which time the outstanding loan balance was €381,112.

Effective December 31, 2004, Mr. Schneider entered into a settlement agreement with us and our subsidiary chello broadband. Pursuant to such agreement, Mr. Schneider returned certain shares of chello broadband that were purchased with the proceeds of the loan and we paid to Mr. Schneider approximately \$208,350, which are the after tax proceeds due to Mr. Schneider from the exercise by him of certain stock appreciation rights in October 2004, plus certain other unreimbursed expenses. Mr. Schneider and we have mutually released each other from all claims related to the matters addressed in the settlement agreement, including certain disputes relating to the amounts owed under the loan and the application of our Tax Equalization Policy to Mr. Schneider.

In addition to the Settlement Agreement, Mr. Schneider also executed a severance agreement and a consulting agreement with us. Pursuant to the severance agreement, Mr. Schneider's employment with UGC and its subsidiaries ended on December 31, 2004. Upon termination of his employment, we paid Mr. Schneider a severance amount of \$1,203,615, which is approximately equal to two times his salary for Fiscal 2004, and which is consistent with the payment Mr. Schneider would have received under UGC's severance policy. See "Item 11. – Executive Compensation – Incentive Plans and Other Compensation Policies – Severance Policy". The severance agreement also provides for acceleration of two years of vesting of the 412,000 SARs that have a base price of \$2.87 per share and are capped at a maximum of \$4.57 per share and 412,000 SARs that have a base price of \$4.57 per share with no cap. All of these SARs were granted by us on October 7, 2003, pursuant to the Incentive Plan. Mr. Schneider may exercise his vested SARs at any time until December 31, 2005, at which time any unexercised SARs will be cancelled. The exercise period for Mr. Schneider's vested option to purchase 1,000,000 shares of our Class A common stock has been extended to December 31, 2007, as provided in the severance policy. The severance agreement also provides that for a period of two years following his resignation, Mr. Schneider shall not compete against us or any of our subsidiaries. Also, Mr. Schneider releases us and our affiliates from all causes of action he may have, except as specifically provided in the settlement agreement.

The consulting agreement provides that Mr. Schneider shall provide consulting services to us or our affiliates for up to 90 days per year for two years beginning January 1, 2005. In exchange for providing consulting services, we will pay Mr. Schneider an annual fee of €450,000, allow him use of an office for a period of time and reimburse him for customary office, secretarial and other business expenses. We will

pay health and dental insurance costs during the term of the consulting agreement. In addition, the vesting of Mr. Schneider's SARs that were not vested under the severance agreement will vest in two equal annual increments during the term of the consulting agreement. The consulting agreement provides that upon termination of the consulting services without cause by us (which we may elect to do at any time) or upon Mr. Schneider's death, Mr. Schneider or his estate will be entitled to receive the same compensation, benefits and vesting rights as if he had completed his consulting term. Upon termination of the consulting agreement by Mr. Schneider without cause, his breach of the agreement, or upon his conviction of a felony involving moral turpitude, Mr. Schneider will be entitled to receive the compensation, benefits and vesting rights that he had accrued as of such termination.

Gene W. Schneider Transaction

In 2001, Old UGC's board of directors approved a "split-dollar" policy on the lives of Gene W. Schneider and his spouse for \$30 million. Old UGC's board of directors believed that this policy was a reasonable addition to Mr. Schneider's compensation package in view of his many years of service to the company. Initially, Old UGC agreed to pay an annual premium of approximately \$1.8 million for this policy, which has a roll-out period of approximately 15 years. Following the enactment of the Sarbanes-Oxley Act of 2002, no additional premiums have been paid by Old UGC. The policy is being continued by payments made out of the cash surrender value of the policy. The Gene W. Schneider Trust is the sole owner and beneficiary of the policy, but has assigned to Old UGC policy benefits in the amount of premiums previously paid by Old UGC. Upon termination of the policy, Old UGC will recoup the premiums that it has paid.

Gene W. Schneider Employment Agreement

In connection with the closing of the Founders Transaction on January 5, 2004, we entered into a five-year employment agreement with Mr. Gene W. Schneider. Pursuant to the employment agreement, Mr. Schneider shall continue to serve as the non-executive chairman of our Board for so long as requested by our Board, and is subject to a five year non-competition obligation (regardless of when his employment under the employment agreement is terminated). The employment agreement may be terminated by us with cause, upon Mr. Schneider's death or disability or by Mr. Schneider. Upon such termination, other than for cause, we will make payments to Mr. Schneider or his personal representatives, as appropriate, for his annual based salary accrued through the termination date and the amount of any annual base salary that would have accrued from the termination date through the end of the employment period. Certain stock options and other equity-based incentives granted to Mr. Schneider shall remain exercisable until the third anniversary of the termination date (but not beyond the term of the award) and, during a period of disability, Mr. Schneider shall receive certain benefits from UGC.

Merger Transaction Loans

When Old UGC issued shares of its Series E preferred stock in connection with the merger transaction with LMC in 2002, each of Curtis Rochelle (a former director), Albert M. Carollo (a former director), Gene W. Schneider and Mark L. Schneider (a former director) each delivered full-recourse promissory notes to Old UGC in the amount of \$748,500 in partial payment of their subscriptions for the Series E preferred stock. The loans evidenced by these promissory notes bear interest at 6.5% per annum and are due and payable on demand on or after January 30, 2003, or on January 30, 2007 if no demand has by then been made. In December 2004, Mr. Carollo repaid his note in full. As of December 31, 2004, the aggregate outstanding balance of the three remaining loans, including accrued interest, was \$2,672,020.

On May 14, 2002, these Founders exchanged their shares in Old UGC for shares of UGC, giving us 100% control of Old UGC. Notwithstanding the exchange, the foregoing loans remain outstanding.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table presents fees for professional audit services rendered by KPMG LLP and its international affiliates for the audit of UGC's consolidated financial statements for Fiscal 2004 and 2003, and fees billed to us for other services rendered by KPMG LLP and its international affiliates. Fees for KPMG LLP's international affiliates are largely in euros. Such fees were translated into U.S. dollars at the average exchange rate for the respective year.

	2004	2003
	(In millions)	
Audit fees(1)	\$ 11.8	\$ 5.6
Audit related fees	0.3	0.1
Total audit and audit related fees	12.1	5.7
Tax fees(2)	1.4	2.2
All other fees	0.1	—
Total	\$ 13.6	\$ 7.9

(1) Consists of fees for the consolidated audit and all other fees for services that only our independent auditors can perform, such as reviews of our quarterly financial statements, registration statement filings, comfort letters, statutory audits, audits of internal control over financial reporting, etc.

(2) Consists of fees for tax consultation and tax compliance services.

The Audit Committee considers whether an engagement is consistent with maintaining auditor independence and if the auditor is in the best position to provide effective and efficient services. The Audit Committee pre-approves the engagement of our independent auditors and all audit or non-audit services to be rendered by such independent auditors. The Audit Committee has implemented certain procedures to manage the approval process. The Audit Committee has pre-approved via policy certain services if such services are anticipated at inception to result in fees of less than \$50,000. If an individual project is expected to have fees in excess of \$50,000, or is not covered by the services outlined in the pre-approved policy, that project will require specific approval of the Audit Committee. With respect to pre-approval of services by the independent auditors, the Chairman of the Audit Committee has been given authority to pre-approve services on behalf of the Audit Committee not exceeding \$150,000 in fees. During Fiscal 2004, there were no waivers of the pre-approval requirement that required action by the Audit Committee.

The Audit Committee has considered whether the provision of non-audit services is compatible with maintaining the principal accountant's independence and that such services are permitted by the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated with respect thereto. In 2004, the Audit Committee has advised management to consider selecting accounting firms other than KPMG for tax matters and non-audit related services, where appropriate.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements, Financial Statement Schedules and Exhibits

1. The index to financial statements is located on page F-1.
2. The index to financial statement schedules is located on page F-1.
3. For a list of exhibits, see (b) below.

(b) Exhibits

- 3.1 Restated Certificate of Incorporation of the Registrant as currently in effect.(1)
- 3.2 Certificate of Amendment of Restated Certificate of Incorporation of the Registrant.(2)
- 3.3 Bylaws of the Registrant as currently in effect.(1)
- 4.1 Specimen of Class A Common Stock certificate of the Registrant.(3)
- 4.2 Specimen of Class B Common Stock certificate of the Registrant.(3)
- 4.3 Specimen of Class C Common Stock certificate of the Registrant.(3)
- 4.4 Indenture dated as of April 6, 2004, by and between UGC and The Bank of New York.(4)
- 4.5 Registration Rights Agreement dated as of April 6, 2004, by and between UGC and Credit Suisse First Boston.(4)
- 10.1 Agreement Regarding Old UGC among UnitedGlobalCom, Inc. (now known as Old UGC, Inc.), Liberty Media Corporation, Liberty Global, Inc. and Liberty UCOMA, LLC, dated January 30, 2002.(1)
- 10.2 Agreement Regarding Additional Covenants among UGC (formerly known as New UnitedGlobalCom, Inc.), Liberty Media Corporation, Liberty Global, Inc., and Liberty UCOMA, LLC, dated January 30, 2002.(1)
- 10.3 Standstill Agreement among UGC and Liberty Media Corporation, dated as of January 5, 2004.(5)
- 10.4 Standstill Agreement among UGC (formerly known as New UnitedGlobalCom, Inc.), Liberty Media Corporation, Liberty Global, Inc. and Liberty UCOMA, LLC, dated January 30, 2002 (terminated except as to (i) the Registrant's obligations under the final sentence of Section 9(b) and (ii) Section 7B and the related definitions in Section 1 as set forth in, and as modified by, the Letter Agreement referenced in Exhibit 10.14). (1)
- 10.5 Registration Rights Agreement, by and among New UnitedGlobalCom, Inc. (now known as UGC), Liberty Media Corporation, Liberty Global, Inc. and Liberty UCOMA, LLC, dated January 30, 2002.(1)
- 10.6 1993 Stock Option Plan of the Registrant, amended and restated as of January 22, 2004.(6)
- 10.7 Stock Option Plan for Non-Employee Directors of the Registrant, effective June 1, 1993, amended and restated as of January 22, 2004.(6)
- 10.8 Stock Option Plan for Non-Employee Directors of the Registrant, effective March 20, 1998, amended and restated as of January 22, 2004.(6)
- 10.9 2003 Equity Incentive Plan of the Registrant, effective September 1, 2003.(6)
- 10.10 ULA Stock Option Plan, effective June 6, 1997, as amended December 6, 2000.(7)
- 10.11 UPC Distribution (n/k/a UPC Broadband) Bank Facility Amended Waiver Letter dated April 4, 2003.(8)
- 10.12 Securities Purchase Agreement dated April 8, 2003, by and among UGC and Liberty International B-L LLC.(9)
- 10.13 Amendment Agreement, dated January 5, 2004, by and between UGCH Finance, Inc. and LBTW I, Inc.(5)
- 10.14 Letter Agreement, dated November 12, 2003, by and between UGC and Liberty Media Corporation.(10)
- 10.15 Executive Service Agreement between UPC Services Limited and Charles Bracken dated December 15, 2004.
- 10.16 Executive Service Agreement between UPC Services Limited and Shane O'Neill dated January 10, 2005.
- 10.17 Employment Agreement effective April 19, 2000, among UGC, UPC and Gene Musselman.(6)

10.18	Addendum to Employment Agreement dated as of September 3, 2003, among UGC, UPC and Gene Musselman.(6)
10.19	Employment Agreement dated January 5, 2004, between UGC and Gene W. Schneider.(5)
10.20	Letter from UGC to Gene W. Schneider, dated April 17, 2003 regarding the Split Dollar Life Insurance Agreement referenced in Exhibit 10.31 below.(7)
10.21	Split Dollar Life Insurance Agreement dated February 15, 2001, between UGC and Mark L. Schneider, Tina W. Wildes and Carla G. Shankle, as trustees under The Gene W. Schneider 2001 Trust, dated February 12, 2001.(7)
10.22	Modification to Existing Severance Policy effective January 5, 2004.(6)
10.23	Form of Indemnification Agreement dated August 4, 2004, between UGC and its Directors.(11)
10.24	Form of Indemnification Agreement dated August 4, 2004, between UGC and its Officers.(11)
10.25	Consulting Agreement dated as of December 6, 2004, between UGC and Mark L. Schneider.
10.26	Severance, Noncompetition, Waiver and Release Agreement dated as of December 6, 2004, between UGC and Mark L. Schneider.
10.27	Settlement Agreement dated as of December 6, 2004, among UGC, chello broadband N.V. and Mark L. Schneider.
10.28	Shared Services Agreement dated June 7, 2004, between UGC and LMI.(11)
10.29	Stock and Loan Purchase Agreement dated as of March 15, 2004, among Suez SA, MédiaRéseaux SA, UPC France Holding BV and UGC.(12)
10.30	Amendment to the Purchase Agreement dated as of July 1, 2004, among Suez SA, MédiaRéseaux SA, UPC France Holding BV and UGC.(12)
10.31	Shareholders Agreement dated as of July 1, 2004, among UGC, UPC France Holding BV and Suez SA.(12)
10.32	Amendment and Restatement Agreement, dated March 7, 2005, between UPC Broadband and UPC Financing Partnership, as Borrowers, the companies listed in Schedule 1 thereto, as Guarantors, and TD Bank Europe Limited, as Facility Agent and Security Agent, relating to a €1,072,000,000 Credit Agreement originally dated January 16, 2004, including as Schedule 3 thereto the Restated €1,072,000,000 Senior Secured Credit Facility, originally dated January 16, 2004, for UPC Broadband, as Borrower, and with the companies identified as guarantors in Part 1 of Schedule 1 thereto, as Original Guarantors, the banks and financial institutions listed in Part 2 of Schedule 1 thereto, as Initial Facility D Lenders, TD Bank Europe Limited, as Facility Agent and Security Agent, and TD Bank Europe Limited and Toronto-Dominion (Texas) Inc., as facility agents under the Existing Facility (as defined therein) (the "2004 Credit Agreement").
10.33	Amendment and Restatement Agreement, dated March 7, 2005, between UPC Broadband and UPC Financing Partnership, as Borrowers, the companies listed in Schedule 1 thereto, as Guarantors, TD Bank Europe Limited and Toronto Dominion (Texas), Inc., as Facility Agents, and TD Bank Europe Limited, as Security Agent, relating to a €3,500,000,000, US\$347,500,000 and €95,000,000 Credit Agreement originally dated October 26, 2000, including as Schedule 3 thereto the Restated Credit Agreement, €3,500,000,000 and US\$347,500,000 and €95,000,000 Senior Secured Credit Facility, originally dated October 26, 2000, for UPC Broadband and UPC Financing Partnership, as Borrowers, and with the companies identified as guarantors in Part 1 of Schedule 1 thereto, as Original Guarantors, the Lead Arrangers listed therein, the banks and financial institutions listed in Part 2 of Schedule 1 thereto, as Original Lenders, TD Bank Europe Limited and Toronto-Dominion (Texas) Inc., as Facility Agents, and TD Bank Europe Limited, as Security Agent.
10.34	Additional Facility Accession Agreement, dated June 24, 2004, to TD Bank Europe Limited, as Facility Agent and Security Agent, from the banks and financial institutions listed in Schedule 1 thereto, as the Additional Facility E Lenders, under the 2004 Credit Agreement.(13)
10.35	Additional Facility Accession Agreement, dated December 2, 2004, to TD Bank Europe Limited, as Facility Agent and Security Agent, from the banks and financial institutions listed in Schedule 1 thereto, as the Additional Facility F Lenders, under the 2004 Credit Agreement.(14)

10.36	Stock Purchase and Sale Agreement dated as of December 16, 2004, among UGC, United UPC Bonds LLC, a subsidiary of UGC, Liberty Ireland Funding, Inc. and Liberty Media International Holdings LLC.(15)
10.37	Partnership Interest Sale and Purchase Agreement dated as of December 16, 2004, among LMI, Belgium Cable GP, LLC, Belgium Cable GP II, LLC, UPC, chello media investments BV, chello media Belgium I BV, chello media Belgium II BV and LMC.(15)
10.38	Agreement and Plan of Merger dated January 17, 2005, by and among UGC, LMI, Liberty Global, Inc., Cheetah Acquisition Corp. and Tiger Global Acquisition Corp.(16)
10.39	Additional Facility Accession Agreement, dated March 9, 2005, to TD Bank Europe Limited, as Facility Agent and Security Agent, from the banks and financial institutions listed in Schedule 1 thereto, as the Additional Facility G Lenders, under the 2004 Credit Agreement.
10.40	Additional Facility Accession Agreement, dated March 7, 2005, to TD Bank Europe Limited, as Facility Agent and Security Agent, from the banks and financial institutions listed in Schedule 1 thereto, as the Additional Facility H Lenders, under the 2004 Credit Agreement.
10.41	Additional Facility Accession Agreement, dated March 9, 2005, to TD Bank Europe Limited, as Facility Agent and Security Agent, from the banks and financial institutions listed in Schedule 1 thereto, as the Additional Facility I Lenders, under the 2004 Credit Agreement.
14.1	Code of Ethics for our Chief Executive and Senior Financial Officers, as amended and restated on March 11, 2004.(6)
21.1	Subsidiaries of UGC.
23.1	Consent of Independent Registered Public Accounting Firm.
24.1	Power of Attorney.
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Co-Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.3	Certification of Co-Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Co-Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.3	Certification of Co-Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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- (1) Incorporated by reference from UGC's Registration Statement on Form S-1 dated February 14, 2002 (File No. 333-82776).
- (2) Incorporated by reference from UGC's Amendment No. 8 to its Registration Statement on Form S-1 dated September 26, 2003 (File No. 333-82776).
- (3) Incorporated by reference from UGC's Form 10-K for the year ended December 31, 2001 (File No. 000-496-58).
- (4) Incorporated by reference from UGC's Form 8-K dated April 6, 2004 (File No. 000-496-58).
- (5) Incorporated by reference from UGC's Form 8-K dated January 5, 2004 (File No. 000-496-58).
- (6) Incorporated by reference from UGC's Form 10-K for the year ended December 31, 2003 (File No. 000-496-58).
- (7) Incorporated by reference from UGC's Amendment No. 10 to its Registration Statement on Form S-1 dated December 11, 2003 (File No. 333-82776).
- (8) Incorporated by reference from UPC's Form 8-K dated April 9, 2003 (File No. 000-25365).
- (9) Incorporated by reference from UGC's Amendment No. 5 to its Registration Statement on Form S-1 dated May 2, 2003 (File No. 333-82776).
- (10) Incorporated by reference from UGC's Form 8-K dated November 13, 2003 (File No. 000-496-58).
- (11) Incorporated by reference from UGC's Form 10-Q for the quarter ended September 30, 2004 (File No. 000-496-58).
- (12) Incorporated by reference from UGC's Form 8-K dated July 1, 2004 (File No. 000-496-58).
- (13) Incorporated by reference from UGC's Form 8-K dated June 29, 2004 (File No. 000-496-58).
- (14) Incorporated by reference from UGC's Form 8-K dated December 2, 2004 (File No. 000-496-58).
- (15) Incorporated by reference from UGC's Form 8-K dated December 16, 2004 (File No. 000-496-58).
- (16) Incorporated by reference from LMI's Form 8-K dated January 17, 2005 (File No. 000-50671).

(c) See index to financial statements (a) above.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

UNITEDGLOBALCOM, INC.
a Delaware corporation

March 14, 2005

/s/ FREDERICK G. WESTERMAN III

Frederick G. Westerman III
Co-Chief Financial Officer

March 14, 2005	<div>* <hr/>Robert R. Bennett, <i>Director</i></div>
March 14, 2005	<div>* <hr/>Charles H.R. Bracken, <i>Co-Chief Financial Officer</i></div>
March 14, 2005	<div>* <hr/>John P. Cole, Jr., <i>Director</i></div>
March 14, 2005	<div>/s/ VALERIE L. COVER <hr/>Valerie L. Cover, <i>Vice President and Controller and Co-Principal Accounting Officer</i></div>
March 14, 2005	<div>* <hr/>John W. Dick, <i>Director</i></div>
March 14, 2005	<div>* <hr/>Bernard G. Dvorak, <i>Director</i></div>
March 14, 2005	<div>* <hr/>Michael T. Fries, <i>President, Chief Executive Officer and Director</i></div>
March 14, 2005	<div>* <hr/>Paul A. Gould, <i>Director</i> <hr/>Gary S. Howard, <i>Director</i></div>
March 14, 2005	<div>* <hr/>David B. Koff, <i>Director</i></div>
March 14, 2005	<div>* <hr/>John C. Malone, <i>Director</i></div>
March 14, 2005	<div>* <hr/>Ruth E. Pirie, <i>Co-Principal Accounting Officer</i></div>
March 14, 2005	<div>* <hr/>Gene W. Schneider, <i>Chairman</i></div>
March 14, 2005	<div>/s/ FREDERICK G. WESTERMAN III <hr/>Frederick G. Westerman III, <i>Co-Chief Financial Officer</i></div>
* By:	<div>/s/ FREDERICK G. WESTERMAN III <hr/>Frederick G. Westerman III, <i>Attorney-in-Fact</i></div>

UNITEDGLOBALCOM, INC.
INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

[Management's Report on Internal Control Over Financial Reporting](#)

[Reports of Independent Registered Public Accounting Firm](#)

[Consolidated Balance Sheets as of December 31, 2004 and 2003](#)

[Consolidated Statements of Operations for the years ended December 31, 2004, 2003 and 2002](#)

[Consolidated Statements of Comprehensive Income \(Loss\) for the years ended December 31, 2004, 2003 and 2002](#)

[Consolidated Statements of Stockholders' Equity for the years ended December 31, 2004, 2003 and 2002](#)

[Consolidated Statements of Cash Flows for the years ended December 31, 2004, 2003 and 2002](#)

[Notes to Consolidated Financial Statements](#)

Schedule I – Parent Only Financial Information:

[Condensed Financial Position of Registrant](#)

[Condensed Information as to the Operations of Registrant](#)

[Condensed Information as to the Cash Flow of Registrant](#)

Schedule II – Valuation and Qualifying Accounts

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Securities Exchange Act of 1934. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of internal control over financial reporting as of December 31, 2004, using the criteria in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Our evaluation of internal control over financial reporting did not include the internal control of our subsidiaries Suez-Lyonnaise Telecom SA ("Noos"), Princes Holdings Limited ("PHL") and Belgian Cable Holdings ("BCH"), all of which were acquired in 2004. The aggregate amount of consolidated assets and revenues of these subsidiaries included in our consolidated financial statements as of and for the year ended December 31, 2004 were \$1.344 billion and \$232.9 million, respectively. Based on this evaluation, our management believes that our internal control over financial reporting was effective as of December 31, 2004. Our management's assessment of the effectiveness of our internal control over financial reporting has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report included herein.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
UnitedGlobalCom, Inc.:

We have audited the accompanying consolidated balance sheets of UnitedGlobalCom, Inc. and subsidiaries as of December 31, 2004 and 2003, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2004. In connection with our audits of the consolidated financial statements, we also have audited financial statement schedules I and II. These consolidated financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of UnitedGlobalCom, Inc. and subsidiaries as of December 31, 2004 and 2003, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2004, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of UnitedGlobalCom, Inc. and subsidiaries' internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 11, 2005, expressed an unqualified opinion on management's assessment of, and the effective operation of, internal control over financial reporting.

KPMG LLP

Denver, Colorado
March 11, 2005

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
UnitedGlobalCom, Inc.:

We have audited management's assessment, included in the accompanying Management's Report on Internal Control over Financial Reporting, that UnitedGlobalCom, Inc. and subsidiaries maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). UnitedGlobalCom, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that UnitedGlobalCom, Inc. maintained effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also, in our opinion, UnitedGlobalCom, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

UnitedGlobalCom, Inc. acquired Suez Lyonnaise Telecom SA (Noos), Princes Holdings Limited (PHL), and Belgium Cable Holdings (BCH) during 2004, and management excluded from its assessment of the effectiveness of UnitedGlobalCom, Inc.'s internal control over financial reporting as of December 31, 2004, Noos, PHL, and BCH's internal control over financial reporting associated with total combined assets of \$1,343,749,000 and total combined revenues of \$232,883,000 that are included in the consolidated financial statements of UnitedGlobalCom, Inc. and subsidiaries as of and for the year ended December 31, 2004. Our audit of internal control over financial reporting of UnitedGlobalCom, Inc. also excluded an evaluation of the internal control over financial reporting of Noos, PHL, and BCH.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of UnitedGlobalCom, Inc. and subsidiaries as of December 31, 2004 and 2003, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2004, and our report dated March 11, 2005 expressed an unqualified opinion on those consolidated financial statements.

KPMG LLP

Denver, Colorado
March 11, 2005

UnitedGlobalCom, Inc.
Consolidated Balance Sheets
(In thousands, except par value and number of shares)

	UGC Post-Founders Transaction	UGC Pre-Founders Transaction
	December 31, 2004	December 31, 2003
	(Note 3)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,028,993	\$ 310,361
Restricted cash	43,640	25,052
Short-term liquid investments	48,965	2,134
Trade receivables, net	184,222	140,075
Other receivables	134,110	65,157
Other current assets, net	98,525	79,542
	<hr/>	<hr/>
Total current assets	1,538,455	622,321
Long-term assets:		
Investments in affiliates, accounted for using the equity method	345,790	95,238
Other investments	262,091	206,325
Property and equipment, net	4,193,095	3,342,743
Goodwill	2,170,705	2,519,831
Intangible assets, net	445,172	252,236
Other assets, net	178,989	60,977
	<hr/>	<hr/>
Total assets	\$ 9,134,297	\$ 7,099,671
	<hr/>	<hr/>

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

UnitedGlobalCom, Inc.
Consolidated Balance Sheets (continued)
(In thousands, except par value and number of shares)

	UGC Post-Founders Transaction	UGC Pre-Founders Transaction
	December 31, 2004	December 31, 2003
	(Note 3)	
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 345,535	\$ 225,540
Accrued liabilities	462,927	302,597
Subscriber advance payments and deposits	332,765	141,108
Accrued interest	88,608	102,949
Notes payable, related party	108,414	102,728
Current portion of debt	34,325	310,804
Other current liabilities	49,675	82,149
Other current liabilities subject to compromise	—	336,916
	1,422,249	1,604,791
Long-term liabilities:		
Long-term portion of debt	4,844,624	3,615,902
Other long-term liabilities	375,103	383,725
	6,641,976	5,604,418
Commitments and contingencies (note 14)		
Minority interests in subsidiaries	96,378	22,761
Stockholders' equity:		
Preferred stock, \$0.01 par value, 10,000,000 shares authorized, nil shares issued and outstanding	—	—
Class A common stock, \$0.01 par value, 1,000,000,000 shares authorized, 413,206,357 and 287,350,970 shares issued, respectively	4,132	2,873
Class B common stock, \$0.01 par value, 1,000,000,000 shares authorized, 11,165,777 and 8,870,332 shares issued, respectively	112	89
Class C common stock, \$0.01 par value, 400,000,000 shares authorized, 379,603,223 and 303,123,542 share issued and outstanding, respectively	3,796	3,031
Additional paid-in capital	2,624,159	5,852,896
Deferred compensation	(1,851)	—
Treasury stock, at cost	(75,844)	(70,495)
Accumulated deficit.	(382,355)	(3,372,737)
Accumulated other comprehensive income (loss)	223,794	(943,165)
	2,395,943	1,472,492
Total stockholders' equity	2,395,943	1,472,492
Total liabilities and stockholders' equity	\$ 9,134,297	\$ 7,099,671

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

UnitedGlobalCom, Inc.
Consolidated Statements of Operations
(In thousands, except per share data)

	UGC Post-Founders Transaction		UGC Pre-Founders Transaction	
	Year Ended December 31, 2004		Year Ended December 31,	
	(Note 3)		2003	2002
Revenue	\$ 2,525,446	\$	1,891,530	\$ 1,515,021
Operating costs and expenses:				
Operating	(1,014,628)		(785,132)	(789,457)
Selling, general and administrative ("SG&A")	(631,585)		(477,516)	(429,190)
Depreciation and amortization (operating)	(935,185)		(808,663)	(730,001)
Impairment of long-lived assets (operating)	(38,915)		(402,239)	(436,153)
Restructuring charges and other (operating).	(29,019)		(35,970)	(1,274)
Stock-based compensation (SG&A)	(116,661)		(38,024)	(28,228)
Operating loss	(240,547)		(656,014)	(899,282)
Interest income	23,823		13,054	38,315
Interest expense	(283,280)		(327,132)	(680,101)
Foreign currency transaction gains, net	26,753		153,808	485,938
Realized and unrealized (losses) gains on derivative instruments, net	(60,237)		(35,424)	138,398
Gains on extinguishment of debt	35,787		2,183,997	2,208,782
Gains on sale of investments and other, net	12,325		279,442	117,262
Other expense, net	(13,455)		(43,665)	(80,617)
Income (loss) before income taxes and other items	(498,831)		1,568,066	1,328,695
Income tax benefit (expense), net	101,105		(50,344)	(201,182)
Minority interests in losses (earnings) of subsidiaries and other, net	3,062		183,182	(67,103)
Share in results of affiliates, net	12,309		294,464	(72,142)
Income (loss) before cumulative effect of change in accounting principle	(382,355)		1,995,368	988,268
Cumulative effect of change in accounting principle, net of tax	-		-	(1,344,722)
Net income (loss)	\$ (382,355)	\$	1,995,368	\$ (356,454)
Earnings per share:				
Basic earnings (loss) per share before cumulative effect of change in accounting principle	\$ (0.50)	\$	7.41	\$ 2.29
Cumulative effect of change in accounting principle	-		-	(3.13)
Basic earnings (loss) per share	\$ (0.50)	\$	7.41	\$ (0.84)
Diluted earnings (loss) per share before cumulative effect of change in accounting principle	\$ (0.50)	\$	7.41	\$ 2.29
Cumulative effect of change in accounting principle	-		-	(3.12)
Diluted earnings (loss) per share	\$ (0.50)	\$	7.41	\$ (0.83)

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

UnitedGlobalCom, Inc.
Consolidated Statements of Comprehensive Income (Loss)
(In thousands)

	UGC Post-Founders Transaction		UGC Pre-Founders Transaction	
	Year Ended December 31, 2004		Year Ended December 31,	
	(Note 3)		2003	2002
Net income (loss)	\$ (382,355)	\$ 1,995,368	\$ (356,454)	
Other comprehensive income (loss):				
Foreign currency translation adjustments	195,429	61,440	(864,104)	
Change in fair value of derivative contracts	–	–	13,443	
Reclassification adjustment for expired derivative contracts included in net income	–	10,616	–	
Net unrealized gains on available-for-sale securities	56,417	97,318	4,029	
Reclassification adjustment for gains on available-for-sale securities included in net income	(10,517)	–	–	
Other	–	(194)	(77)	
Other comprehensive income (loss) before income taxes	241,329	169,180	(846,709)	
Provision for income taxes related to net unrealized gains on available-for-sale securities	(17,535)	–	–	
Other comprehensive income (loss)	223,794	169,180	(846,709)	
Comprehensive income (loss)	\$ (158,561)	\$ 2,164,548	\$ (1,203,163)	

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

UnitedGlobalCom, Inc.
Consolidated Statements of Stockholders' Equity
(In thousands, except number of shares)

	Class A Common Stock		Class B Common Stock		Class C Common Stock		Additional Paid-In Capital	Deferred Compensation	Treasury Stock		Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount	Shares	Amount	Shares	Amount			Shares	Amount			
December 31, 2003 (UGC Pre-Founders Transaction)	287,350,970	\$ 2,873	8,870,332	\$ 89	303,123,542	\$ 3,031	\$ 5,852,896	\$ –	13,045,959	\$ (70,495)	\$ (3,372,737)	\$ (943,165)	\$ 1,472,492
January 1, 2004 (UGC Post-Founders Transaction) (Note 3)	287,350,970	\$ 2,873	8,870,332	\$ 89	303,123,542	\$ 3,031	\$ 1,439,479	\$ –	13,045,959	\$ (70,495)	\$ –	\$ –	\$ 1,374,977
Issuance of additional Class A common stock in connection with the UGC Europe exchange offer	2,596,270	26	–	–	–	–	19,706	–	–	–	–	–	19,732
Issuance of Class A common stock upon exercise of LMC's preemptive right	20,706,894	207	–	–	–	–	54,454	–	–	–	–	–	54,661
Issuance of common stock in connection with rights offering	82,950,715	830	2,295,445	23	84,874,594	849	1,018,109	–	–	–	–	–	1,019,811
Issuance of Class A common stock in connection with subsidiary reorganization	2,011,813	20	–	–	–	–	18,368	–	–	–	–	–	18,388
Issuance of Class A common stock for acquisition of a minority interest in subsidiary	1,800,000	18	–	–	–	–	16,434	–	–	–	–	–	16,452
Share exchange by LMC	8,394,913	84	–	–	(8,394,913)	(84)	–	–	–	–	–	–	–
Issuance of shares to LMI for acquisition of Irish subsidiary.	6,413,991	64	–	–	–	–	2,854	–	–	–	–	–	2,918
Issuance of Class A common stock in connection with stock option plans	877,077	9	–	–	–	–	4,064	–	–	–	–	–	4,073
Issuance of Class A common stock in connection with 401(k) plan	103,714	1	–	–	–	–	827	–	–	–	–	–	828
Stock-based compensation, net of tax	–	–	–	–	–	–	68,275	(1,851)	–	–	–	–	66,424
Loss on issuance of subsidiary shares for acquisition in France	–	–	–	–	–	–	(11,776)	–	–	–	–	–	(11,776)
Acquisition of investment from parent	–	–	–	–	–	–	(10,517)	–	–	–	–	–	(10,517)
Other equity transactions	–	–	–	–	–	–	3,882	–	13,626	–	–	–	3,882
Purchase of Class A common stock	–	–	–	–	–	–	–	–	787,391	(5,349)	–	–	(5,349)
Net loss	–	–	–	–	–	–	–	–	–	–	(382,355)	–	(382,355)
Unrealized gain on available-for-sale securities, net of tax	–	–	–	–	–	–	–	–	–	–	–	28,365	28,365
Foreign currency translation adjustments	–	–	–	–	–	–	–	–	–	–	–	195,429	195,429
December 31, 2004 (UGC Post-Founders	413,206,357	\$ 4,132	11,165,777	\$ 112	379,603,223	\$ 3,796	\$ 2,624,159	\$ (1,851)	13,846,976	\$ (75,844)	\$ (382,355)	\$ 223,794	\$ 2,395,943

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

UnitedGlobalCom, Inc.
Consolidated Statements of Stockholders' Equity (continued)
(In thousands, except number of shares)

	Class A Common Stock		Class B Common Stock		Class C Common Stock		Additional Paid-In Capital	Deferred Compensation	Treasury Stock		Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount	Shares	Amount	Shares	Amount			Shares	Amount			
December 31, 2002 (UGC Pre- Founders Transaction)	110,392,692	\$ 1,104	8,870,332	\$ 89	303,123,542	\$ 3,031	\$ 3,683,644	\$ (28,473)	7,404,240	\$ (34,162)	\$ (6,797,762)	\$ (1,112,345)	\$ (4,284,874)
Issuance of Class A common stock for subsidiary preference shares	2,155,905	21	—	—	—	—	6,082	—	—	—	1,423,102	—	1,429,205
Issuance of Class A common stock in connection with stock option plans	311,454	3	—	—	—	—	1,351	—	—	—	—	—	1,354
Issuance of Class A common stock in connection with 401(k) plan	58,272	1	—	—	—	—	258	—	—	—	—	—	259
Issuance of common stock by UGC Europe for debt and other liabilities	—	—	—	—	—	—	966,362	—	—	—	—	—	966,362
Equity transactions of subsidiaries	—	—	—	—	—	—	(129,904)	1,896	—	—	6,555	—	(121,453)
Amortization of deferred compensation	—	—	—	—	—	—	—	26,577	—	—	—	—	26,577
Receipt of common stock in satisfaction of executive loans	—	—	—	—	—	—	—	—	861,108	—	—	—	—
Issuance of Class A common stock in connection with the UGC Europe exchange offer	174,432,647	1,744	—	—	—	—	1,325,103	—	4,780,611	(36,333)	—	—	1,290,514
Net income	—	—	—	—	—	—	—	—	—	—	1,995,368	—	1,995,368
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	—	—	—	61,440	61,440
Change in fair value of derivative assets	—	—	—	—	—	—	—	—	—	—	—	10,616	10,616
Unrealized gain (loss) on available-for- sale securities	—	—	—	—	—	—	—	—	—	—	—	97,318	97,318
Amortization of cumulative effect of change in accounting principle	—	—	—	—	—	—	—	—	—	—	—	(194)	(194)
December 31, 2003 (UGC Pre- Founders Transaction)	287,350,970	\$ 2,873	8,870,332	\$ 89	303,123,542	\$ 3,031	\$ 5,852,896	\$ —	13,045,959	\$ (70,495)	\$ (3,372,737)	\$ (943,165)	\$ 1,472,492

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

UnitedGlobalCom, Inc.
Consolidated Statements of Stockholders' Equity (continued)
(In thousands, except number of shares)

	Series C & D Preferred Stock		Class A Common Stock		Class B Common Stock		Class C Common Stock		Additional Paid-In Capital	Deferred Compensation	Treasury Stock		Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			Shares	Amount			
Balances, December 31, 2001 (UGC Pre-Founders Transaction)	712,500	\$ 712,500	98,042,205	\$ 981	19,027,134	\$ 190	–	\$ –	\$ 1,537,944	\$ (74,185)	5,604,948	\$ (29,984)	\$ (6,437,290)	\$ (265,636)	\$ (4,555,480)
Accrual of dividends on Series B, C and D convertible preferred stock	–	–	–	–	–	–	–	–	(156)	–	–	–	(4,018)	–	(4,174)
Merger/reorganization transaction	(712,500)	(712,500)	11,628,674	116	(10,156,802)	(101)	21,835,384	218	770,448	–	(35,708)	923	–	–	59,104
Issuance of Class C common stock for financial assets	–	–	–	–	–	–	281,288,158	2,813	1,396,469	–	–	–	–	–	1,399,282
Issuance of Class A common stock in exchange for remaining interest in Old UGC	–	–	600,000	6	–	–	–	–	(6)	–	–	–	–	–	–
Issuance of Class A common stock in connection with 401(k) plan	–	–	121,813	1	–	–	–	–	340	–	–	–	–	–	341
Equity transactions of subsidiaries and other	–	–	–	–	–	–	–	–	(21,395)	12,794	–	–	–	–	(8,601)
Amortization of deferred compensation	–	–	–	–	–	–	–	–	–	32,918	–	–	–	–	32,918
Purchase of treasury shares	–	–	–	–	–	–	–	–	–	–	1,835,000	(5,101)	–	–	(5,101)
Net income	–	–	–	–	–	–	–	–	–	–	–	–	(356,454)	–	(356,454)
Foreign currency translation adjustments	–	–	–	–	–	–	–	–	–	–	–	–	–	(864,104)	(864,104)
Change in fair value of derivative assets	–	–	–	–	–	–	–	–	–	–	–	–	–	13,443	13,443
Change in unrealized gain on available-for-sale securities	–	–	–	–	–	–	–	–	–	–	–	–	–	4,029	4,029
Amortization of cumulative effect of change in accounting principle	–	–	–	–	–	–	–	–	–	–	–	–	–	(77)	(77)
Balances, December 31, 2002 (UGC Pre-Founders Transaction)	–	\$ –	110,392,692	\$ 1,104	8,870,332	\$ 89	303,123,542	\$ 3,031	\$ 3,683,644	\$ (28,473)	7,404,240	\$ (34,162)	\$ (6,797,762)	\$ (1,112,345)	\$ (4,284,874)

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

UnitedGlobalCom, Inc.
Consolidated Statements of Cash Flows
(In thousands)

	UGC Post-Founders Transaction		UGC Pre-Founders Transaction	
	Year Ended December 31, 2004		Year Ended December 31,	
	(Note 3)		2003	2002
Cash Flows from Operating Activities				
Net income (loss)	\$ (382,355)	\$ 1,995,368	\$ (356,454)	
Adjustments to reconcile net income (loss) to net cash flows from operating activities:				
Depreciation and amortization	935,185	808,663	730,001	
Impairment of long-lived assets, restructuring charges and other	67,934	438,209	437,427	
Stock-based compensation	65,827	29,242	28,228	
Accretion of interest on senior notes and amortization of deferred financing costs	21,588	50,733	234,247	
Unrealized foreign currency transaction gains, net	(5,526)	(116,454)	(491,313)	
Realized and unrealized losses (gains) on derivative instruments	60,237	35,424	(138,398)	
Gains on extinguishment of debt	(35,787)	(2,183,997)	(2,208,782)	
Gains on sale of investments and other, net	(12,325)	(279,442)	(117,262)	
Deferred income tax (benefit) expense, net	(130,518)	(23,420)	104,068	
Minority interests in (losses) earnings of subsidiaries and other, net	(3,062)	(183,182)	67,103	
Share in results of affiliates, net	(12,309)	(294,464)	72,142	
Cumulative effect of change in accounting principle	—	—	1,344,722	
Other non-cash items	14,755	32,009	102,326	
Change in assets and liabilities:				
Change in receivables and other assets	(72,169)	40,870	46,803	
Change in accounts payable, accrued liabilities and other	188,127	42,533	(148,466)	
Net cash flows from operating activities	699,602	392,092	(293,608)	

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

UnitedGlobalCom, Inc.
Consolidated Statements of Cash Flows (continued)
(In thousands)

	UGC Post-Founders Transaction	UGC Pre-Founders Transaction	
	Year Ended December 31, 2004	Year Ended December 31,	
		2003	2002
	(Note 3)		
Cash Flows from Investing Activities			
Cash paid for acquisitions, net of cash acquired	(710,549)	(2,150)	(22,617)
Cash paid for acquisition, to be refunded by seller	(52,128)	–	–
Capital expenditures	(480,133)	(333,124)	(335,192)
Purchases of short-term liquid investments	(293,734)	(1,000)	(117,221)
Proceeds from sale of short-term liquid investments	246,981	45,561	152,405
Restricted cash released (deposited), net	(17,298)	24,825	40,357
Investments in and loans to affiliates	(144,699)	(20,931)	(2,590)
Proceeds from sale of investments in affiliates	696	45,447	–
Purchase of interest rate caps	(21,442)	(9,750)	–
Cash paid to settle interest rate swaps	(66,411)	(58,038)	–
Dividends received from affiliates	17,098	4,714	11,276
Proceeds received upon repayment of debt securities	115,592	–	–
Other	1,826	3,092	16,319
	(1,404,201)	(301,354)	(257,263)
Cash Flows from Financing Activities			
Issuance of common stock	1,076,811	1,354	200,006
Proceeds from issuance of convertible senior notes	604,595	–	–
Proceeds from notes payable to shareholder	5,371	–	102,728
Proceeds from issuance of debt	1,547,867	23,161	42,742
Repayments of debt	(1,803,081)	(233,506)	(321,961)
Financing costs	(62,448)	(2,233)	(18,293)
Purchase of treasury shares	(5,349)	–	–
	1,363,766	(211,224)	5,222
Effects of Exchange Rates on Cash			
	59,465	20,662	35,694
Increase (Decrease) in Cash and Cash Equivalents			
	718,632	(99,824)	(509,955)
Cash and Cash Equivalents, Beginning of Year	310,361	410,185	920,140
Cash and Cash Equivalents, End of Year	\$ 1,028,993	\$ 310,361	\$ 410,185

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

1. Organization and Nature of Operations

UnitedGlobalCom, Inc. (together with its subsidiaries the "Company," "UGC," "we," "us," "our" or similar terms) was formed in February 2001 as part of a series of planned transactions with Old UGC, Inc. ("Old UGC," formerly known as UGC Holdings, Inc., now our wholly owned subsidiary) and Liberty Media Corporation (together with its subsidiaries and affiliates "LMC"), which restructured and recapitalized our business. We are an international broadband communications provider of video, voice and Internet access services with operations in 16 countries. Our wholly owned subsidiary UGC Europe, Inc. (together with its subsidiaries "UGC Europe"), our largest consolidated operation, is a pan-European broadband communications company. Through its subsidiary, United Pan-Europe Communications N.V. ("UPC"), UGC Europe provides video, high-speed Internet access and telephone services through its broadband networks in 13 European countries. UGC Europe's operations are currently organized into two principal divisions – UPC Broadband and chellomedia. UPC Broadband provides video, high-speed Internet access and telephone services to residential customers. chellomedia provides interactive digital products and services, produces and markets thematic channels and owns or manages our investments in various businesses in Europe. Our primary Latin American operation, VTR GlobalCom S.A. ("VTR"), provides video, high-speed Internet access and telephone services primarily to residential customers in Chile. We also have consolidated operations in Brazil and Peru, an approximate 19% interest in SBS Broadcasting S.A. ("SBS"), a European commercial television and radio broadcasting company, an approximate 34% interest in Austar United Communications Ltd. ("Austar United"), a pay-TV provider in Australia and an approximate 19% interest in Telenet Group Holding N.V. ("Telenet"), a broadband communications provider in Belgium, in addition to various other programming and distribution investments.

On January 5, 2004, LMC acquired 8,198,016 shares of Class B common stock from our founding stockholders in exchange for securities of LMC and cash (the "Founders Transaction"). Upon completion of this transaction, the restriction on LMC's right to exercise its voting power over us was terminated. LMC then had the ability to elect our entire board of directors and control us.

On May 21, 2004, LMC contributed substantially all of its shares of our common stock and related contract rights to Liberty Media International ("LMI"), which at the time was a wholly-owned subsidiary of LMC. On June 7, 2004, LMC distributed all of the capital stock of LMI to LMC's stockholders in a spin-off. As a result, LMI is now an independent publicly-traded company that owns approximately 53.5% of our common stock, which represents an approximate 91.0% voting interest in us. Pursuant to an Assignment and Assumption Agreement between LMC and LMI, dated May 21, 2004, LMC assigned to LMI all of LMC's rights and obligations with respect to the standstill agreement between us and LMC.

On January 17, 2005, we entered into an agreement and plan of merger with LMI pursuant to which we each will merge with a separate wholly owned subsidiary of a new parent company named Liberty Global, Inc. ("Liberty Global"), which has been formed for this purpose. In the mergers, each outstanding share of LMI Series A common stock and Series B common stock will be exchanged for one share of the corresponding series of Liberty Global common stock. Our stockholders may elect to receive for each share of common stock owned either 0.2155 of a share of Liberty Global Series A common stock (plus cash for any fractional share interest) or \$9.58 in cash. Cash elections will be subject to proration so

that the aggregate cash consideration paid to our stockholders does not exceed 20% of the aggregate value of the merger consideration payable to our public stockholders. Completion of the transactions is subject to, among other conditions, approval of both companies' stockholders, including an affirmative vote of a majority of the voting power of our Class A common stock not beneficially owned by LMI, LMC, any of LMI's respective subsidiaries or any of the executive officers or directors of LMI, LMC, or us.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates are used in accounting for, among other things, the valuation of acquisition-related assets and liabilities, allowances for uncollectible accounts, deferred tax valuation allowances, loss contingencies, fair values of financial instruments, fair values of long-lived assets and any related impairments, useful lives of property and equipment, restructuring accruals and other special items. Actual results could differ from those estimates.

Principles of Consolidation

The accompanying consolidated financial statements include our accounts and all voting interest entities where we exercise a controlling financial interest through the ownership of a direct or indirect majority voting interest and variable interest entities for which we are the primary beneficiary. All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents include cash and highly liquid investments with original maturities of less than three months. Restricted cash includes cash held in escrow and cash held as collateral for lines of credit and other compensating balances. Cash restricted to a specific use is classified based on the expected timing of such disbursement.

Short-Term Liquid Investments

Short-term liquid investments include marketable equity securities, certificates of deposit, commercial paper, corporate bonds and government securities that have original maturities greater than three months but less than twelve months. Short-term liquid investments are classified as available-for-sale and reported at fair value. Unrealized gains and losses are reported as a separate component of stockholders' equity, net of related tax effects. Realized gains and losses and declines in fair value that are other-than-temporary are recognized in the statement of operations based on the specific identification method.

Trade Receivables

Trade receivables represent receivables from the provision of services to our subscribers, and are reflected net of allowance for doubtful accounts. Such allowance was \$48.5 million and \$43.4 million at December 31, 2004 and 2003, respectively. The allowance for doubtful accounts is based upon our assessment of probable loss related to uncollectible accounts receivable. We use a number of factors in determining the allowance, including, among other things, collection trends, prevailing and anticipated economic conditions and specific customer credit risk. Generally, upon disconnection of a subscriber, the account is fully reserved. The allowance is maintained until either receipt of payment or collection of the account is no longer pursued.

Concentration of credit risk with respect to trade receivables is limited due to the large number of customers and their dispersion across many different countries worldwide. We also manage this risk by disconnecting services to customers who are delinquent.

Investments in Affiliates, Accounted for under the Equity Method

For those investments in affiliates in which we have the ability to exercise significant influence, the equity method of accounting is used. Generally we exercise significant influence through a voting interest between 20% and 50% and/or board representation and management authority. Under this method, the investment, originally recorded at cost, is 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, limited to the extent of our investment in, and advances and commitments to, the investee. If our investment in the common stock of an affiliate is reduced to zero as a result of the prior recognition of the affiliate's net losses, and we hold investments in other more senior securities of the affiliate, we would continue to record losses from the affiliate to the extent of these additional investments. The portion of the difference between our investment and our share of the net assets of the investee that represents goodwill (equity method goodwill) is not amortized. Changes in our proportionate share of the underlying equity of a subsidiary or equity method investee, which results from the issuance of additional equity securities by such subsidiary or equity investee, are recognized as increases or decreases to additional paid-in capital.

Cost Method Investments

The cost method of accounting is used for our investments in affiliates in which our ownership interest is less than 20% and where we do not exert significant influence. For cost investments in marketable equity securities, we mark these investments to fair value as available-for-sale securities. Unrealized gains and losses are reported as a separate component of stockholders' equity, net of related tax effects. Realized gains and losses and declines in fair value that are other-than-temporary are recognized in the statement of operations.

Investment Valuation

We evaluate our equity method investments and cost method investments on a quarterly basis to determine whether declines in the fair value of these securities are other-than-temporary. Factors

considered in making this evaluation include: (i) the historical volatility of the fair value of the security; (ii) the length of time and extent to which the fair value has been less than cost; (iii) the financial condition and near-term prospects of the issuer; and (iv) our intent and ability to retain our investments for a period of time sufficient to allow for any anticipated recovery in fair value. In general, declines in the fair value of investments below the carrying amount for a period of less than six months are generally considered to be temporary. Declines in the fair value of investments below the carrying amount for a period of six to nine months are evaluated on a case-by-case basis to determine whether any company or market-specific factors exist that would indicate that such declines are other-than-temporary. Declines in the fair value of investments below the carrying amount for greater than nine months are considered other-than-temporary and are recorded as charges to the statement of operations, absent specific factors to the contrary. We estimate fair value amounts using available market information and other relevant methodologies, however considerable judgment is required in interpreting data to develop these estimates of fair value. The estimates presented in these consolidated financial statements are not necessarily indicative of the amounts we could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies could have a material effect on the estimated fair value amounts. Declines in fair value that are other-than-temporary are recognized in the statement of operations, thus establishing a new cost basis for such investment.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. We capitalize costs associated with the construction of new cable transmission and distribution facilities and the installation of new cable services. Capitalized construction and installation costs include materials, labor and applicable overhead cost. Installation activities that are capitalized include (i) the initial connection (or drop) from our cable system to a customer location, (ii) the replacement of a drop, and (iii) the installation of equipment for additional services, such as digital cable, telephone or high-speed Internet service. The costs of other customer-facing activities such as reconnecting customer locations where a drop already exists, disconnecting customer locations and repairing or maintaining drops, are expensed. Additions, replacements and improvements to property and equipment that extend the asset life are capitalized. Repairs and maintenance are charged to operations.

Depreciation is computed using the straight-line method over the estimated economic useful life of the asset (including assets capitalized pursuant to capital leases). Installation costs are depreciated over the average expected subscriber life. The useful lives used to depreciate cable distribution systems that are undergoing a rebuild are adjusted such that property and equipment to be retired will be fully depreciated by the time the rebuild is completed.

When property and equipment is retired or otherwise disposed of, the cost and related accumulated depreciation accounts are relieved of the applicable amounts and any differences are included in depreciation expense.

Interest capitalized with respect to construction activities was not material during 2004, 2003 and 2002.

The economic lives of property and equipment at acquisition are as follows:

Network/line extensions	4-25 years
Upgrade/rebuild	3-25 years
Customer premise equipment	3-10 years
Scaleable infrastructure	2-20 years
Support capital (buildings)	20-40 years
Support capital (other)	3-15 years

Goodwill and Other Intangible Assets

Goodwill is the excess of the acquisition cost of an acquired entity over the fair value of the identifiable net assets acquired. Other intangible assets consist principally of customer relationships, trademarks and computer software. Other intangible assets with finite lives are amortized on a straight-line basis over their estimated useful lives. Goodwill and intangible assets with indefinite lives are not amortized, but are tested for impairment on an annual basis on October 1 and whenever indicators of impairment arise. These indicators may include a significant change in the business climate, legal factors, operating performance indicators, competition, sale or disposition of a significant portion of the business or other factors. For purposes of the goodwill evaluation, we compare the fair value of each of our reporting units to their respective carrying amounts. If the carrying value of a reporting unit were to exceed its fair value, we would then compare the implied fair value of the reporting unit's goodwill to its carrying amount, and any excess of the carrying amount over the fair value would be charged to operations as an impairment loss.

Impairment of Long-Lived Assets

Property and equipment and intangible assets (other than goodwill and indefinite-lived intangible assets) are reviewed for impairment whenever events or circumstances indicate that such carrying amounts may not be recoverable. If the carrying amount of the asset is greater than the expected undiscounted cash flows to be generated by such asset, we recognize an impairment. Such adjustment is measured by the amount that the carrying value of such assets exceeds their fair value. We generally measure fair value by considering sale prices for similar assets or by discounting estimated future cash flows using an appropriate discount rate. For purposes of impairment testing, long-lived assets are grouped at the lowest level for which cash flows are largely independent of other assets and liabilities. Assets to be disposed of are carried at the lower of their financial statement carrying amount or fair value less costs to sell.

Derivative Financial Instruments

We use derivative financial instruments from time to time to manage exposure to movements in foreign currency exchange rates and interest rates. We account for free-standing derivative financial instruments and derivative financial instruments embedded in other contracts at fair value. Changes in fair value of derivative financial instruments are recorded in the statement of operations or in accumulated other comprehensive income (loss), depending on whether the derivative is designated and qualifies for hedge accounting, the type of hedge transaction represented and the effectiveness of the hedge. For derivative

financial instruments that are not designated or that do not qualify as accounting hedges, changes in fair value are recognized in the statement of operations.

Revenue Recognition

Cable Network Revenue

We recognize revenue from the provision of video, telephone and Internet access services over our cable network to customers in the period the related services are provided. Installation revenue (including reconnect fees) related to these services over our cable network is recognized as revenue in the period in which the installation occurs, to the extent these fees are equal to or less than direct selling costs, which are expensed. To the extent installation revenue exceeds direct selling costs, the excess fees are deferred and amortized over the average expected subscriber life. Costs related to reconnections and disconnections are recognized in the statement of operations as incurred.

Other Revenue

We recognize revenue from the provision of direct-to-home satellite services, or "DTH," telephone and data services to business customers outside of our cable network in the period the related services are provided. Installation revenue (including reconnect fees) related to these services outside of our cable network is deferred and amortized over the average expected subscriber life. Costs related to reconnections and disconnections are recognized in the statement of operations as incurred.

Other

For subscriber promotions, such as discounted or free services during an introductory period, revenue is recorded at the discounted monthly rate charged to the subscriber. Payments received in advance for distribution services are deferred and recognized as revenue when the associated services are provided. Deposits are recorded as a liability upon receipt and refunded to the subscriber upon disconnection.

Stock-Based Compensation

We account for our fixed and variable stock-based compensation plans using the intrinsic value method. Generally, under the intrinsic value method, (i) compensation expense for fixed-plan stock options is recognized only if the estimated fair value of the underlying stock exceeds the exercise price on the date of grant, in which case, compensation is recognized based on the percentage of options that are vested until the options are exercised, expire or are cancelled, and (ii) compensation for variable-plan options is recognized based upon the percentage of the options that are vested and the difference between the estimated fair value of the underlying common stock and the exercise price of the options at the balance sheet date, until the options are exercised, expire or are cancelled. As a result of the modification of certain terms of our stock options in connection with our February 2004 rights offering, we began accounting for our stock options that were granted prior to February 2004 as variable-plan options. Stock options granted subsequent to February 2004 are accounted for as fixed-plan options. We record stock-based compensation expense as a result of applying variable-plan accounting to our stock appreciation

rights ("SARs") using the accelerated expense attribution method. We record compensation expense for restricted stock awards based on the quoted market price of our stock at the date of grant and the vesting period.

The following table presents the effect on net earnings (loss) and earnings (loss) per common share as if we applied the fair value method of accounting to our options. As the accounting for the liability-based SARs is the same under the intrinsic value method and the fair value method, the pro forma adjustments included in the following table do not include amounts related to SARs (amounts in thousands, except per share amounts):

	UGC Post-Founders Transaction		UGC Pre-Founders Transaction			
	Year Ended December 31,		Year Ended December 31,			
	2004		2003	2002		
Net income (loss), as reported	\$	(382,355)	\$	1,995,368	\$	(356,454)
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects		40,681		29,242		28,228
Deduct: Total stock-based employee compensation expense determined under the fair value based method for all awards, net of related tax effects		(25,749)		(57,101)		(102,837)
Pro forma net income (loss)	\$	(367,423)	\$	1,967,509	\$	(431,063)
Basic net earnings (loss) per common share:						
As reported	\$	(0.50)	\$	7.41	\$	(0.84)
Pro forma	\$	(0.48)	\$	7.35	\$	(1.01)
Diluted net earnings (loss) per common share:						
As reported	\$	(0.50)	\$	7.41	\$	(0.83)
Pro forma	\$	(0.48)	\$	7.35	\$	(1.01)

Income Taxes

Income taxes are accounted for under the asset and liability method. We recognize deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts and income tax basis of assets and liabilities and the expected benefits of utilizing net operating loss and tax credit carryforwards, using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. Net deferred tax assets are then reduced by a valuation allowance if we believe it more likely than not such net deferred tax assets will not be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred tax liabilities related to investments in foreign subsidiaries and foreign corporate joint ventures that are essentially permanent in duration are not recognized until it becomes apparent that such amounts will reverse in the foreseeable future.

Basic and Diluted Earnings (Loss) Per Share

Basic earnings (loss) per common share is computed by dividing net income (loss) (as adjusted for certain equity transactions) by the weighted-average number of common shares outstanding for the period. Diluted earnings (loss) per common share presents the dilutive effect on a per share basis of potential common shares (e.g. options and convertible securities) as if they had been converted at the beginning of the periods presented.

Foreign Operations and Foreign Currency Exchange Rate Risk

Our consolidated financial statements are prepared in U.S. dollars. Almost all of our operations are conducted in a currency other than the U.S. dollar. Assets and liabilities of foreign subsidiaries for which the functional currency is the local currency are translated at period-end exchange rates and the statements of operations are translated at actual exchange rates when known, or at the average exchange rate for the period. Exchange rate fluctuations on translating foreign currency financial statements into U.S. dollars that result in unrealized gains or losses are referred to as translation adjustments. Cumulative translation adjustments are recorded in other comprehensive income (loss) as a separate component of stockholders' equity (deficit). Transactions denominated in currencies other than the functional currency are recorded based on exchange rates at the time such transactions arise. Subsequent changes in exchange rates result in transaction gains and losses, which are reflected in income as unrealized (based on period-end translations) or realized upon settlement of the transactions. Cash flows from our operations in foreign countries are translated at actual exchange rates when known, or at the average rate for the period. As a result, amounts related to assets and liabilities reported in the consolidated statements of cash flows will not agree to changes in the corresponding balances in the consolidated balance sheets. The effects of exchange rate changes on cash balances held in foreign currencies are reported as a separate line below cash flows from financing activities. Certain items such as investments in debt and equity securities of foreign subsidiaries, equipment purchases, programming costs, notes payable and notes receivable (including intercompany amounts) and certain other charges are denominated in a currency other than the respective company's functional currency, which results in foreign exchange gains and losses recorded in the consolidated statement of operations. Accordingly, we may experience economic loss and a negative impact on earnings and equity with respect to our holdings solely as a result of foreign currency exchange rate fluctuations.

Reclassifications

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

New Accounting Principles

In December 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment ("SFAS No. 123R"), which is a revision of SFAS No. 123, *Accounting for Stock-Based Compensation* ("SFAS 123"), as amended by SFAS No. 148, *Accounting for Stock-Based Compensation-Transition and Disclosure and Amendment of SFAS No. 123* ("SFAS 148"). SFAS No. 123R supersedes Accounting Principles Board Opinion ("APB") No. 25,

Accounting for Stock Issued to Employees ("APB 25") and amends certain provisions of SFAS No. 95, *Statement of Cash Flows*. SFAS No. 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values, beginning with the first interim or annual period after June 15, 2005, with early adoption encouraged. In addition, SFAS No. 123R will cause unrecognized expense (based on the amounts in our pro forma footnote disclosure) related to options vesting after the date of initial adoption to be recognized as a charge to operations over the remaining vesting period. We are required to adopt SFAS No. 123R in our third quarter of 2005, beginning July 1, 2005. Under SFAS No. 123R, we must determine the appropriate fair value model to be used for valuing share-based payments, the amortization method for compensation cost and the transition method to be used at the date of adoption. The transition alternatives include prospective and retroactive adoption methods. Under the retroactive methods, prior periods may be restated either as of the beginning of the year of adoption or for all periods presented. The prospective method requires that compensation expense be recorded for all unvested stock options and share awards at the beginning of the first quarter of adoption of SFAS No. 123R, while the retroactive methods would record compensation expense for all unvested stock options and share awards beginning with the first period restated. We are evaluating the requirements of SFAS No. 123R and we expect that the adoption of SFAS No. 123R will have a material impact on our consolidated results of operations and earnings per share. We have not yet determined the method of adoption of SFAS No. 123R.

3. Acquisitions, Dispositions and Other

Founders Transaction

Upon completion of the Founders Transaction, the restriction on LMC's right to exercise its voting power over us was terminated. LMC then had the ability to elect our entire board of directors and control us. LMC acquired its cumulative interest in us over a period of several years in separate acquisitions. LMC's largest acquisition of us occurred in January 2002 whereby its economic and voting interest increased from approximately 11% and 37%, respectively, to approximately 73% and 94%, respectively. Because of certain voting and standstill agreements entered into between LMC and our founding stockholders in connection with this January 2002 transaction, LMC was unable to control us and therefore accounted for its investment in us under the equity method of accounting. Upon consummation of the Founders Transaction, our financial statements changed to reflect the push down of LMC's basis and, as a result, we have a new basis of accounting effective January 1, 2004. Accordingly, for periods prior to January 1, 2004 the assets and liabilities of UnitedGlobalCom, Inc. and the related consolidated financial statements are sometimes referred to herein as "UGC Pre-Founders Transaction," and for periods subsequent to January 1, 2004 the assets and liabilities of UnitedGlobalCom, Inc. and the related consolidated financial statements are sometimes referred to herein as "UGC Post-Founders Transaction." The "Company," "UGC," "we," "us," "our" or similar terms refer to both UGC Post-Founders Transaction and UGC Pre-Founders Transaction.

The following table presents the summary balance sheet of UGC Pre-Founders Transaction as of December 31, 2003, prior to the push down of LMC's basis and the opening summary balance sheet of UGC Post-Founders Transaction on January 1, 2004, subsequent to the push down of LMC's basis (in thousands):

	UGC Post-Founders Transaction	UGC Pre-Founders Transaction
	January 1, 2004	December 31, 2003
Current assets	\$ 622,321	\$ 622,321
Property and equipment, net	3,386,252	3,342,743
Goodwill	2,023,374	2,519,831
Customer relationships	379,093	224,358
Tradenames	62,441	23,346
Other intangible assets	4,532	4,532
Other assets, net	370,137	362,540
Total assets	\$ 6,848,150	\$ 7,099,671
Current liabilities	\$ 1,407,275	\$ 1,604,791
Long-term debt	3,615,902	3,615,902
Other long-term liabilities	427,235	383,725
Total liabilities	\$ 5,450,412	\$ 5,604,418
Minority interests in subsidiaries	22,761	22,761
Stockholders' equity	1,374,977	1,472,492
Total liabilities and stockholders' equity	\$ 6,848,150	\$ 7,099,671

The push down of LMC's basis is based on an allocation of LMC's basis in us at each respective step acquisition date based on the estimated fair values of our assets and liabilities on such dates. The estimated weighted-average amortization period for customer relationship intangible assets at the push down date was 4.9 years.

The following table presents our unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2003, to provide a better understanding of what our results of operations might have looked like had LMC pushed down its investment basis in us to our financial statements as of January 1, 2003 (in thousands):

	UGC Pre-Founders Transaction	
	Pro Forma Year Ended December 31, 2003	
Revenue	\$	1,891,530
Net income	\$	419,522
Basic and diluted earnings per common share	\$	2.40

This unaudited pro forma condensed consolidated financial information is derived from our audited historical consolidated financial statements and related notes, in addition to certain assumptions and adjustments. This unaudited pro forma condensed consolidated financial information may not be indicative of historical results that we would have had or future results that we will experience as a result of the Founders Transaction.

Acquisition of Noos

On July 1, 2004, UPC Broadband France SAS ("UPC Broadband France"), our indirect wholly owned subsidiary and owner of our French broadband video and Internet access operations, acquired Suez-Lyonnaise Télécom SA ("Noos"), from Suez SA ("Suez"). Noos is a provider of digital and analog cable television services and high-speed Internet access services in France. UPC Broadband France purchased Noos to achieve certain financial, operational and strategic benefits through the integration of Noos with our French operations and the creation of a platform for further growth and innovation in Paris and our remaining French systems. The preliminary purchase price was subject to a review of certain historical financial information of Noos and UPC Broadband France. In January 2005, we completed our purchase price review with Suez, which resulted in a €42.8 (\$52.1) million reduction in the purchase price. Such receivable is recorded in other receivables on our consolidated balance sheet. The final purchase price for Noos was approximately €567.1 (\$690.0) million, consisting of €487.1 (\$592.6) million in cash, a 19.9% equity interest in UPC Broadband France valued at approximately €71.3 (\$86.8) million and acquisition costs totaling €8.7 (\$10.6) million.

We accounted for this transaction as the acquisition of an 80.1% interest in Noos and the sale of a 19.9% interest in UPC Broadband France. Under the purchase method of accounting, the preliminary purchase price was allocated to the acquired identifiable tangible and intangible assets and liabilities based upon their respective fair values. We recorded a loss of approximately €9.7 (\$11.8) million associated with the dilution of our ownership interest in UPC Broadband France as a result of the Noos transaction. This loss

is reflected as a reduction of additional paid-in capital in our consolidated statement of stockholders' equity. The following table presents the purchase price allocation for our acquisition of an 80.1% interest in Noos, together with the effects of the sale of a 19.9% interest in our historical French operations (in thousands):

Working capital.	\$	(106,744)
Property, plant and equipment		769,852
Intangible assets		11,815
Other long-term assets		4,066
Other long-term liabilities		(7,099)
Minority interest		(91,033)
Equity in UPC Broadband France		11,776
Cash consideration for Noos		592,633
Cash acquired		(18,791)
Net cash consideration for Noos	\$	573,842

The allocation above was made based on our assessment of the fair value of the assets and liabilities of Noos. As of December 31, 2004, this assessment has not been finalized, however we do not expect further significant purchase accounting adjustments. Minority interest was computed based on 19.9% of the fair value of our historical French operations and 19.9% of the historical carrying amount of Noos.

The estimated weighted-average amortization period for the intangible assets (favorable programming contract and tradename) at acquisition was 3.8 years.

The following unaudited pro forma condensed consolidated operating results give effect to this transaction as if it had been completed as of January 1, 2004 (for 2004 results) and as of January 1, 2003 (for 2003 results). This unaudited pro forma condensed consolidated financial information does not purport to represent what our results of operations would actually have been if this transaction had in fact occurred on such dates. The pro forma adjustments are based upon currently available information and upon certain assumptions that we believe are reasonable (in thousands):

	UGC Post-Founders Transaction	UGC Pre-Founders Transaction
	Pro Forma Year Ended December 31, 2004	Pro Forma Year Ended December 31, 2003
Revenue	\$ 2,725,007	\$ 2,248,311
Net income (loss)	\$ (399,588)	\$ 1,461,090
Earnings per share:		
Basic earnings (loss) per share	\$ (0.52)	\$ 6.26
Diluted earnings (loss) per share	\$ (0.52)	\$ 6.25

Suez' 19.9% interest in UPC Broadband France consists of 85.0 million shares of Class B common stock of UPC Broadband France. Subject to the terms of a call option agreement, UPC France Holding BV ("UPC France"), the parent company of UPC Broadband France, has the right through June 30, 2005 to purchase from Suez all of the Class B Shares for €85.0 million, subject to adjustment, plus interest. The purchase price for the Class B Shares may be paid in cash, our Class A common stock or LMI Series A common stock. Subject to the terms of a put option, Suez may require UPC France to purchase the Class B Shares at specific times prior to or after the third, fourth or fifth anniversaries of the purchase date. UPC France will be required to pay the then fair value, payable in cash or our common stock, for the Class B Shares or assist Suez in obtaining an offer to purchase the Class B Shares. UPC France also has the option to purchase the Class B Shares from Suez shortly after the third, fourth or fifth anniversaries of the purchase date at the then fair value in cash, our Class A common stock or LMI Series A common stock.

Acquisition of PHL

On May 20, 2004, LMI acquired all of the issued and outstanding ordinary shares of Princes Holdings Limited ("PHL") for €2.4 (\$2.9) million, including acquisition costs of €0.4 (\$0.5) million. PHL, through its subsidiary Chorus Communications Limited ("Chorus"), owns and operates broadband communications systems in Ireland. In connection with this acquisition, LMI loaned an aggregate of €75.0 million (\$89.5 million as of May 20, 2004) to PHL. The proceeds from this loan were used by PHL to discharge liabilities pursuant to a debt restructuring plan and to provide funds for capital expenditures and working capital. In June 2004, LMI loaned PHL an additional €4.5 million, for a total of €79.5 million (\$108.4 million) as of December 31, 2004. These loans bear interest at 1.75% per annum and we have committed to refinance these loans no later than June 16, 2005.

LMI accounted for this acquisition using the purchase method of accounting, effective for financial reporting purposes as of June 1, 2004. LMI allocated the purchase price for the PHL acquisition as follows (in thousands):

Cash and cash equivalents	\$	14,473
Other current assets		7,423
Property and equipment		75,172
Customer relationships		10,239
Goodwill		24,023
Current liabilities		(26,078)
Subscriber advance payments and deposits		(12,851)
Debt		(89,483)
Net cash consideration (including acquisition costs)	\$	2,918

On December 16, 2004, we acquired LMI's interest in PHL in exchange for 6,413,991 shares of our Class A common stock, valued at \$58.3 million on that date. We accounted for this transaction as a reorganization of entities under common control at historical cost, similar to a pooling of interests. Under reorganization accounting, we consolidated the financial position and results of operations of PHL using

LMI's historical cost, as if this transaction had been consummated by us as of May 20, 2004 (June 1, 2004 for financial reporting purposes), the date of the original acquisition of PHL by LMI.

The estimated amortization period for the customer relationship intangible assets at acquisition was 4 years.

The following unaudited pro forma condensed consolidated operating results give effect to this transaction as if it had been completed as of January 1, 2004 (for 2004 results) and as of January 1, 2003 (for 2003 results). This unaudited pro forma condensed consolidated financial information does not purport to represent what our results of operations would actually have been if this transaction had in fact occurred on such dates. The pro forma adjustments are based upon currently available information and upon certain assumptions that we believe are reasonable (in thousands):

	UGC Post-Founders Transaction	UGC Pre-Founders Transaction
	Pro Forma Year Ended December 31, 2004	Pro Forma Year Ended December 31, 2003
Revenue	\$ 2,558,441	\$ 1,964,377
Net income (loss)	\$ (388,672)	\$ 1,976,952
Basic and diluted earnings (loss) per share	\$ (0.51)	\$ 7.37

Acquisition of UPC Preference Shares

On February 12, 2003, we issued 368,287 shares of our Class A common stock in a private transaction pursuant to a securities purchase agreement dated February 6, 2003, among us and Alliance Balanced Shares, Alliance Growth Fund, Alliance Global Strategic Income Trust and EQ Alliance Common Stock Portfolio. In consideration for issuing the 368,287 shares of our Class A common stock, we acquired 1,833 preference shares A of UPC, nominal value €1.00 per share, and warrants to purchase 890,030 ordinary shares A of UPC, nominal value €1.00 per share, at an exercise price of €42.546 per ordinary share. On February 13, 2003, we issued 482,217 shares of our Class A common stock in a private transaction pursuant to a securities purchase agreement dated February 11, 2003, among us and Capital Research and Management Company, on behalf of The Income Fund of America, Inc., Capital World Growth and Income Fund, Inc. and Fundamental Investors, Inc. In consideration for the 482,217 shares of our Class A common stock, we acquired 2,400 preference shares A of UPC, nominal value €1.00 per share, and warrants to purchase 1,165,352 ordinary shares A of UPC, nominal value €1.00 per share, at an exercise price of €42.546 per ordinary share. A gain of \$610.9 million was recognized from the purchase of these preference shares for the difference between fair value of the consideration given and book value (including accrued dividends) of these preference shares at the transaction date. This gain is reflected in the consolidated statement of stockholders' equity (deficit).

On April 4, 2003, we issued 879,041 shares of our Class A common stock in a private transaction pursuant to a transaction agreement dated March 31, 2003, among us, a subsidiary of ours, Motorola Inc. and Motorola UPC Holdings, Inc. In consideration for the 879,041 shares of our Class A common stock, we acquired 3,500 preference shares A of UPC, nominal value €1.00 per share and warrants to purchase 1,669,457 ordinary shares A of UPC, nominal value €1.00 per share, at an exercise price of €42.546 per ordinary share. On April 8, 2003, we issued 426,360 shares of our Class A common stock in a private transaction pursuant to a securities purchase agreement dated April 8, 2003, among us and Liberty International B-L LLC. In consideration for the 426,360 shares of our Class A common stock, we acquired 2,122 preference shares A of UPC, nominal value €1.00 per share and warrants to purchase 971,118 ordinary shares A of UPC, nominal value €1.00 per share, at an exercise price of €42.546 per ordinary share. A gain of \$812.2 million was recognized during the second quarter of 2003 from the purchase of these preference shares for the difference between fair value of the consideration given and book value (including accrued dividends) of the preference shares at the transaction date. This gain is reflected in the consolidated statement of stockholders' equity (deficit).

United Pan-Europe Communications N.V. Reorganization

On September 3, 2003, as a result of the consummation of UPC's plan of reorganization under Chapter 11 of the U.S. Bankruptcy Code and insolvency proceedings under Dutch law, UGC Europe acquired all of the stock of, and became the successor issuer to, UPC. Prior to UPC's reorganization, we were the majority stockholder and largest single creditor of UPC. We became the holder of approximately 66.6% of UGC Europe's common stock in exchange for the equity and debt of UPC that we owned prior to UPC's reorganization. UPC's other bondholders and third-party holders of UPC's ordinary shares and preference shares exchanged their securities for the remaining 33.4% of UGC Europe's common stock.

We accounted for this restructuring as a reorganization of entities under common control at historical cost, similar to a pooling of interests. Under reorganization accounting, we have consolidated the financial position and results of operations of UGC Europe as if the reorganization had been consummated at inception. We previously recognized a gain on the effective retirement of UPC's senior notes, senior discount notes and UPC's exchangeable loan held by us when those securities were acquired directly and indirectly by us in connection with our merger transaction with Liberty in January 2002. The issuance of common stock by UGC Europe to third-party holders of the remaining UPC senior notes and senior discount notes was recorded at fair value. This fair value was significantly less than the accreted value of such debt securities as reflected in our historical consolidated financial statements. Accordingly, for consolidated financial reporting purposes, we recognized a gain of \$2.1 billion from the extinguishment of such debt outstanding at that time equal to the excess of the then accreted value of such debt (\$3.076 billion) over the fair value of UGC Europe common stock issued (\$966.4 million). We also recorded a loss of \$134.1 million as a result of the change in our proportionate share of the underlying equity of UPC from 53.1% prior to the consummation of the reorganization to 66.6% after the consummation of the reorganization. This loss was recorded as a reduction to additional paid-in-capital in our consolidated statement of stockholders' equity.

UGC Europe Exchange Offer and Merger

On December 18, 2003, we completed an exchange offer pursuant to which we offered to exchange 10.3 shares of our Class A common stock for each outstanding share of UGC Europe common stock not owned by us. On December 19, 2003, we effected a short-form merger between UGC Europe and one of our subsidiaries on the same terms offered in the exchange offer. We issued 172,248,306 shares of our Class A common stock to third parties in connection with the exchange offer and merger (including 2,596,270 shares subject to appraisal rights that were withdrawn subsequent to December 31, 2003), as well as 4,780,611 shares to Old UGC to acquire its UGC Europe common stock. We now own all of the outstanding equity securities of UGC Europe.

We valued the exchange offer and merger for accounting purposes at \$1.315 billion, based on the issuance of our Class A common stock at the average closing price of such stock for the five days surrounding November 12, 2003, the date we announced the revised and final terms of the exchange offer, and our estimated transaction costs, consisting primarily of dealer-manager, legal and accounting fees, printing costs, other external costs and other purchase consideration directly related to the exchange offer and merger. This total value includes \$19.7 million related to the value of shares subject to appraisal rights that were withdrawn in January 2004. This amount is included in other current liabilities in the accompanying consolidated balance sheet.

We accounted for the exchange offer and merger using the purchase method of accounting. Under the purchase method of accounting, the total estimated purchase price was allocated to the minority shareholders' proportionate interest in UGC Europe's identifiable tangible and intangible assets and liabilities acquired by us based upon their estimated fair values upon completion of the transaction. Purchase price in excess of the book value of these identifiable tangible and intangible assets and liabilities acquired was allocated as follows (in thousands):

Property and equipment	\$	717
Goodwill		1,005,148
Customer relationships		220,290
Tradename		22,922
Other assets		10,556
Other liabilities		55,271
Total consideration	\$	1,314,904

The estimated weighted-average amortization period for the customer relationship intangible assets at acquisition was 7.4 years.

The excess purchase price over the net identifiable tangible and intangible assets and liabilities acquired was recorded as goodwill, which is not deductible for tax purposes. This goodwill was attributable to the following:

- Our ability to create a simpler, unified capital structure in which equity investors would participate in our equity at a single level, which would lead to greater liquidity for investors, due to the larger combined public float;
- Our ability to facilitate the investment and transfer of funds between us and UGC Europe and its subsidiaries, thereby creating more efficient uses of our consolidated financial resources; and
- Our assessment that the elimination of public stockholders at the UGC Europe level would create opportunities for cost reductions and organizational efficiencies through, among other things, the combination of UGC Europe's and our separate corporate functions into a better integrated, unitary corporate organization.

The following unaudited pro forma condensed consolidated operating results give effect to this transaction as if it had been completed as of January 1, 2003 (for 2003 results) and as of January 1, 2002 (for 2002 results). This unaudited pro forma condensed consolidated financial information does not purport to represent what our results of operations would actually have been if this transaction had in fact occurred on such dates. The pro forma adjustments are based upon currently available information and upon certain assumptions that we believe are reasonable (in thousands, except share and per share amounts):

	UGC Pre-Founders Transaction	
	Pro Forma Year Ended December 31,	
	2003	2002
Revenue	\$ 1,891,530	\$ 1,515,021
Income before cumulative effect of change in accounting principle.	\$ 1,805,225	\$ 1,014,908
Net income (loss)	\$ 1,805,225	\$ (329,814)
Earnings per share:		
Basic net earnings (loss) per share before cumulative effect of change in accounting principle	\$ 4.99	\$ 1.63
Cumulative effect of change in accounting principle	—	(2.17)
Basic net earnings (loss) per share	\$ 4.99	\$ (0.54)
Diluted net earnings (loss) per share before cumulative effect of change in accounting principle	\$ 4.98	\$ 1.63
Cumulative effect of change in accounting principle	—	(2.17)
Diluted net earnings (loss) per share	\$ 4.98	\$ (0.54)

Merger Transaction with LMC

On January 30, 2002, we completed a transaction with LMC and Old UGC to restructure and recapitalize our company, pursuant to which the following occurred.

Immediately prior to the merger transaction on January 30, 2002:

- LMC contributed approximately 9.9 million shares of Old UGC Class B common stock and approximately 12.0 million shares of Old UGC Class A common stock to us and in exchange for these contributions, we issued LMC approximately 21.8 million shares of our Class C common stock;
- Certain long-term stockholders of Old UGC (the "Founders") transferred their shares of Old UGC Class B common stock to limited liability companies, which limited liability companies then merged into us. As a result of such mergers, the Founders received approximately 8.9 million shares of our Class B common stock, which number of shares equals the number of shares of Old UGC Class B common stock transferred by them to the limited liability companies; and
- Four of the Founders (the "Principal Founders") contributed \$3.0 million to Old UGC in exchange for securities that, at the effective time of the merger, converted into securities representing a 0.5% interest in Old UGC and entitled them to elect one-half of Old UGC's directors.

As a result of the merger transaction:

- Old UGC became our 99.5%-owned subsidiary, and the Principal Founders held the remaining 0.5% interest in Old UGC;
- Each share of Old UGC's Class A and Class B common stock outstanding immediately prior to the merger was converted into one share of our Class A common stock;
- The shares of Old UGC's Series B, C and D preferred stock outstanding immediately prior to the merger were converted into an aggregate of approximately 23.3 million shares of our Class A common stock, which amount is equal to the number of shares of Old UGC Class A common stock the holders of Old UGC's preferred stock would have received had they converted their preferred stock immediately prior to the merger;
- LMC has the right to elect four of our 12 directors;
- The Founders had the effective voting power to elect eight of our 12 directors; and
- We had the right to elect half of Old UGC's directors and the Principal Founders had the right to elect the other half of Old UGC's directors (see discussion below regarding a transaction that occurred on May 14, 2002, pursuant to which Old UGC became a wholly-owned subsidiary and we became entitled to elect the entire board of directors of Old UGC).

Immediately following the merger transaction:

- LMC contributed to us an exchangeable loan which had an accreted value of \$891.7 million as of January 30, 2002 and, as a result, UPC owed the amount payable under such loan to us rather than to Liberty;

- LMC contributed \$200.0 million in cash to us;
- LMC contributed to us certain UPC bonds ("the United UPC Bonds") and, as a result, UPC owed the amounts represented by the United UPC Bonds to us rather than to LMC; and
- In exchange for the contribution of these assets to us, an aggregate of approximately 281.3 million shares of our Class C common stock was issued to LMC.

In December 2001, IDT United, Inc. ("IDT United") commenced a cash tender offer for, and related consent solicitation with respect to, the entire \$1.375 billion face amount of senior discount notes of Old UGC (the "Old UGC Senior Notes"). As of the expiration of the tender offer on February 1, 2002, holders of the notes had validly tendered and not withdrawn notes representing approximately \$1.350 billion aggregate principal amount at maturity. At the time of the tender offer, LMC had an equity and debt interest in IDT United. IDT United's sole purpose was to tender for the Old UGC Senior Notes.

Prior to the merger on January 30, 2002, we acquired from LMC \$751.2 million aggregate principal amount at maturity of the Old UGC Senior Notes (which had previously been distributed to LMC by IDT United in redemption of a portion of LMC's equity interest and in prepayment of a portion of IDT United's debt to LMC), as well as all of LMC's remaining interest in IDT United. The purchase price for the Old UGC Senior Notes and LMC's interest in IDT United was:

- Our assumption of approximately \$304.6 million of indebtedness owed by LMC to Old UGC; and
- Cash in the amount of approximately \$143.9 million.

On January 30, 2002, LMC loaned us approximately \$17.3 million, of which approximately \$2.3 million was used to purchase shares of redeemable preferred stock and convertible promissory notes issued by IDT United. Following January 30, 2002, LMC loaned us an additional approximately \$85.4 million. We used the proceeds of these loans to purchase additional shares of redeemable preferred stock and convertible promissory notes issued by IDT United. These notes to LMC accrue interest at 8.0% annually, compounded and payable quarterly, and were cancelled in February 2004. Subsequent to these transactions, IDT United held Old UGC Senior Notes with a principal amount at maturity of \$599.2 million. Although we only retained a 33.3% common equity interest in IDT United, we consolidated IDT United as a "variable interest entity," as we were the primary beneficiary of an entity that had insufficient equity at risk.

On May 14, 2002, the Principal Founders transferred all of the shares of Old UGC common stock held by them to us in exchange for an aggregate of 600,000 shares of our Class A common stock pursuant to an exchange agreement dated May 14, 2002, among such individuals and us. This exchange agreement superseded the exchange agreement entered into at the time of the merger transaction. As a result of this exchange, Old UGC became our wholly-owned subsidiary, and we are entitled to elect the entire board of directors of Old UGC. This transaction was the final step in the recapitalization of Old UGC.

We accounted for the merger transaction on January 30, 2002 as a reorganization of entities under common control at historical cost, similar to a pooling of interests. Under reorganization accounting, we

consolidated the financial position and results of operations of Old UGC as if the merger transaction had been consummated at the inception of Old UGC. The purchase of the Old UGC Senior Notes directly from LMC and the purchase of LMC's interest in IDT United were recorded at fair value. The issuance of our new shares of Class C common stock to LMC for cash, the United UPC Bonds and the exchangeable loan was recorded at the fair value of our common stock at closing. The estimated fair value of these financial assets (with the exception of the exchangeable loan) was significantly less than the accreted value of such debt securities as reflected in Old UGC's historical financial statements. Accordingly, for consolidated financial reporting purposes, we recognized a gain of approximately \$1.757 billion from the extinguishment of such debt outstanding at that time equal to the excess of the then accreted value of such debt over our cost, as follows (in thousands):

	Fair Value at Acquisition	Book Value	Gain/(Loss)
Old UGC Senior Notes	\$ 540,149	\$ 1,210,974	\$ 670,825
United UPC Bonds	312,831	1,451,519	1,138,688
Exchangeable Loan	891,671	891,671	–
Write-off of deferred financing costs	–	(52,224)	(52,224)
Total gain on extinguishment of debt	\$ 1,744,651	\$ 3,501,940	\$ 1,757,289

We also recorded a deferred income tax provision of \$110.6 million related to a portion of the gain on extinguishment of the Old UGC Senior Notes.

Transfer of German Shares

Until July 30, 2002, UPC had a 51.0% ownership interest in EWT/TSS Group through its 51.0% owned subsidiary, UPC Germany. Pursuant to the agreement by which UPC acquired EWT/TSS Group, UPC was required to fulfill a contribution obligation no later than March 2003, by contributing certain assets amounting to approximately €358.8 million. If UPC failed to make the contribution by such date or in certain circumstances such as a material default by UPC under its financing agreements, the minority shareholders of UPC Germany could call for 22.3% of the ownership interest in UPC Germany in exchange for the euro equivalent of 1 Deutsche Mark. On March 5, 2002, UPC received the holders' notice of exercise. On July 30, 2002, UPC completed the transfer of 22.3% of UPC Germany to the minority shareholders in return for the cancellation of the contribution obligation. UPC now owns 28.7% of UPC Germany, with the former minority shareholders owning the remaining 71.3%. UPC Germany is governed by a new shareholders agreement. For accounting purposes, this transaction resulted in the deconsolidation of UPC Germany effective August 1, 2002, and recognition of a gain from the reversal of

the net negative investment in UPC Germany. Details of the assets and liabilities of UPC Germany as of August 1, 2002 are as follows (in thousands):

Working capital.	\$	(74,809)
Property, plant and equipment		74,169
Goodwill and other intangible assets		69,912
Long-term liabilities		(84,288)
Minority interest		(142,158)
Gain on reversal of net negative investment		147,925
		<hr/>
Net cash deconsolidated	\$	(9,249)
		<hr/>

Other

In January 2002, we recognized a gain of \$109.2 million from the restructuring and cancellation of capital lease obligations associated with excess capacity of certain Priority Telecom vendor contracts.

4. Short-Term Liquid Investments

The following table provides detail of our short-term liquid investments' fair value and unrealized gains (losses), aggregated by investment category as of December 31, 2004 and 2003 (in thousands):

	UGC Post-Founders Transaction		UGC Pre-Founders Transaction	
	December 31, 2004		December 31, 2003	
	Fair Value	Unrealized Gain(Loss)	Fair Value	Unrealized Gain(Loss)
Commercial paper	\$ 41,096	\$ (7)	\$ –	\$ –
Corporate bonds and other.	7,869	6	2,134	856
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$ 48,965	\$ (1)	\$ 2,134	\$ 856
	<hr/>	<hr/>	<hr/>	<hr/>

5. Investments in Affiliates, Accounted for Using the Equity Method

The following table provides detail of our equity-method investments (in thousands):

	UGC Post-Founders Transaction			UGC Pre-Founders Transaction		
	December 31, 2004			December 31, 2003		
	Ownership Interest	Carrying Amount	Excess Basis	Carrying Amount	Excess Basis	
Telenet	19.0%	\$ 232,649	\$ –	\$ –	\$ –	–
Iberian Program Services C.V. ("IPS")	49.9%	43,537	26,382	30,806		11,382
Melita Cable PLC ("Melita")	50.0%	25,130	16,306	23,766		14,151
Austar United	33.9%	19,204	15,364	3,970		–
Other	various	25,270	–	36,696		–
Total		\$ 345,790	\$ 58,052	\$ 95,238	\$	25,533

The following table reflects our share of earnings (losses) of our affiliates (in thousands):

	UGC Post-Founders Transaction		UGC Pre-Founders Transaction	
	Year Ended December 31, 2004		Year Ended December 31,	
			2003	2002
Telenet	\$	–	\$	–
IPS		7,779	10,247	7,107
Melita		780	1,393	429
Austar United		976	(10,144)	–
Other		2,774	8,266	(40,756)
UAP (note 20)		–	284,702	(38,922)
Total	\$	12,309	\$ 294,464	\$ (72,142)

Telenet

On December 16, 2004, chellomedia Belgium I BV and chellomedia Belgium II BV, our indirect wholly owned subsidiaries (collectively, "chellomedia Belgium"), acquired LMI's wholly owned subsidiary Belgian Cable Holdings ("BCH") for \$121.1 million in cash. BCH's only assets were debt securities of Callahan Partners Europe, which we refer to as CPE, and one of two entities majority owned by CPE, which we refer to as the InvestCos, and related contract rights. The purchase price was equal to LMI's carrying value for the debt securities, which included an unrealized gain of \$10.5 million. On December 17, 2004 we entered into a restructuring transaction with CPE and certain other parties. In this restructuring, BCH purchased equity of Belgian Cable Investors, LLC (Belgian Cable Investors), consisting of a 78.4% common equity interest and a 100% preferred equity interest for cash proceeds of

\$137.95 million and the InvestCo debt security. Belgian Cable Investors then distributed \$115.6 million of these proceeds to CPE, which used the proceeds to repurchase the CPE debt securities held by BCH. CPE owns the remaining 21.6% of the common equity of Belgian Cable Investors. Belgian Cable Investors holds an indirect 14.1% interest in Telenet, and certain call options expiring in 2007 and 2009 to acquire 3.36 million shares (11.6%) and 5.11 million shares (17.6%), respectively, of the outstanding equity of Telenet from existing shareholders. Belgian Cable Investors' indirect 14.1% interest in Telenet results from its majority ownership of the InvestCos, which hold in the aggregate 19.0% of the common stock of Telenet, and a shareholders agreement among Belgian Cable Investors and three unaffiliated investors in the InvestCos that governs the voting and disposition of 21.4% of the stock of Telenet, including the stock held by the InvestCos.

The restructuring was accounted for as a fair value transaction, in which BCH effectively transferred its debt securities and cash in return for an equity interest in Belgian Cable Investors. As this was a transaction consummated at fair value, we recognized the unrealized gain on the debt securities of \$10.5 million as a realized gain in our consolidated statement of operations. We have determined that the InvestCos are variable interest entities, in which Belgian Cable Investors is the primary beneficiary. The securities within the InvestCos have a mandatory redemption feature, and accordingly, we have classified the securities attributable to the other shareholder of the InvestCos as debt. In our preliminary allocation of the purchase price, we have allocated \$232.6 million to the investment in Telenet and the call options to purchase additional shares of Telenet, and have allocated \$87.8 million to the debt securities, based on our preliminary assessment of fair value. We expect our purchase price allocation to be finalized in the first quarter of 2005. For financial reporting purposes, the restructuring transaction was deemed to have occurred on December 31, 2004.

Pursuant to the Telenet shareholders agreement, the InvestCos are able to vote a 25% interest plus one vote on certain Telenet matters that require a 75% vote to pass. In addition, through our interest in the InvestCos, we have two representatives on Telenet's board of directors. Based on the InvestCos voting ability, board membership and ability to acquire significantly more direct ownership of Telenet through the call options, we believe that the InvestCos exercise significant influence over Telenet. Therefore, we account for our indirect investment in Telenet using the equity method of accounting.

Pursuant to the agreement with CPE governing Belgian Cable Investors, CPE has the right to require Belgian Cable Investors to purchase all of CPE's interest in Belgian Cable Investors for the appraised fair value of such interest during the first 30 days of every six-month period beginning in December 2007. Belgian Cable Investors has the corresponding right to require CPE to sell all of its interest in Belgian Cable Investors to Belgian Cable Holdings for appraised fair value during the first 30 days of every six-month period following December 2009.

6. Other Investments, Accounted for Using the Cost Method

The following table provides detail of our other investments (in thousands):

	UGC Post-Founders Transaction		UGC Pre-Founders Transaction	
	December 31, 2004	Unrealized Gain (Loss)	December 31, 2003	Unrealized Gain (Loss)
SBS	\$ 241,500	\$ 45,900	\$ 195,600	\$ 105,790
Other	20,591	–	10,725	6,098
Total	\$ 262,091	\$ 45,900	\$ 206,325	\$ 111,888

At December 31, 2004, we owned 6,000,000, or approximately 19%, of the outstanding shares of SBS, a European commercial television and radio broadcasting company. We record these marketable equity securities at fair value using quoted market prices.

7. Property and Equipment

The following table provides detail of our consolidated property and equipment (in thousands):

	UGC Post-Founders Transaction	UGC Pre-Founders Transaction
	December 31, 2004	December 31, 2003
Network/line extensions	\$ 1,383,233	\$ 2,189,050
Upgrade/rebuild	742,824	1,017,313
Customer premise equipment	712,036	1,230,231
Scaleable infrastructure	526,607	786,569
Support capital and other	541,035	873,966
Noos	886,593	–
Priority Telecom	197,617	361,056
Chorus	111,193	–
Media	41,597	98,186
Total	5,142,735	6,556,371
Accumulated depreciation	(949,640)	(3,213,628)
Net property and equipment	\$ 4,193,095	\$ 3,342,743

Depreciation expense related to our property and equipment was \$869.6 million, \$804.9 million and \$713.4 million for the years ended December 31, 2004, 2003 and 2002, respectively.

Noos and Chorus are recent acquisitions. These companies have not historically classified property and equipment in the same categories as us. We are in the process of finalizing our valuation assessment on the assets and liabilities of Noos. This exercise will be complete in the first quarter of 2005 and will also include the allocation of property and equipment by major class in the categories above. We acquired

Chorus from LMI in December 2004. We will allocate their property and equipment to the categories above by the end of the first quarter of 2005.

8. Goodwill

The change in the carrying amount of goodwill by operating segment for the years ended December 31, 2004 and 2003 is as follows (in thousands):

	UGC Post-Founders Transaction				
	January 1, 2004	Acquisitions	Release of Pre-Acquisition Valuation Allowance	Foreign Currency Translation Adjustments	December 31, 2004
Europe:					
The Netherlands	\$ 680,349	\$ –	\$ (6,374)	\$ 55,960	\$ 729,935
Austria	458,544	2,266	(2,893)	37,416	495,333
Norway	27,791	–	(2,813)	2,507	27,485
Sweden	121,945	–	(1,176)	11,376	132,145
Belgium	56,803	–	(232)	4,644	61,215
Ireland	–	24,023	–	3,436	27,459
Total Western Europe	1,345,432	26,289	(13,488)	115,339	1,473,572
Hungary	159,312	–	(6,500)	25,287	178,099
Poland	28,643	–	(3,257)	(1,343)	24,043
Czech Republic	52,870	–	(18,654)	5,428	39,644
Slovak Republic	20,123	–	(1,369)	3,211	21,965
Romania	13,617	1,727	(132)	2,323	17,535
Total Central and Eastern Europe	274,565	1,727	(29,912)	34,906	281,286
chellomedia	211,592	–	(10,105)	15,274	216,761
Total	1,831,589	28,016	(53,505)	165,519	1,971,619
Latin America:					
Chile	191,785	–	(4,575)	11,876	199,086
Total	\$ 2,023,374	\$ 28,016	\$ (58,080)	\$ 177,395	\$ 2,170,705

**UGC Pre-Founders
Transaction**

	January 1, 2003	Acquisitions	UGC Europe Exchange Offer	Foreign Currency Translation Adjustments	December 31, 2003
Europe:					
The Netherlands	\$ 705,833	\$ –	\$ 256,415	\$ 149,310	\$ 1,111,558
Austria	140,349	383	167,209	31,640	339,581
Norway	9,017	–	28,553	930	38,500
Sweden	142,771	–	30,823	31,270	204,864
Belgium	14,284	–	24,467	1,747	40,498
Total Western Europe	1,012,254	383	507,467	214,897	1,735,001
Hungary	73,878	229	142,809	11,723	228,639
Poland	–	–	36,368	672	37,040
Czech Republic	–	–	67,138	1,240	68,378
Slovak Republic	3,353	–	22,644	1,133	27,130
Romania	20,138	–	2,698	324	23,160
Total Central and Eastern Europe	97,369	229	271,657	15,092	384,347
chellomedia	–	–	122,304	2,258	124,562
UGC Europe, Inc.	–	–	103,720	1,915	105,635
Total	1,109,623	612	1,005,148	234,162	2,349,545
Latin America:					
Chile	140,710	–	–	29,576	170,286
Total	\$ 1,250,333	\$ 612	\$ 1,005,148	\$ 263,738	\$ 2,519,831

During the year ended December 31, 2004, we reversed valuation allowances for deferred tax assets in various tax jurisdictions due to the realization or expected realization of tax benefits from these assets. The valuation allowances were originally recorded as part of the purchase accounting adjustments related to the Founders Transaction and UGC Europe exchange offer and merger and were therefore reversed against goodwill.

We adopted SFAS No. 142, *Goodwill and Other Intangible Assets* ("SFAS 142"), effective January 1, 2002. SFAS 142 required a transitional impairment assessment of goodwill as of January 1, 2002, in two steps. Under step one, the fair value of each of our reporting units was compared with their respective carrying amounts, including goodwill. If the fair value of a reporting unit exceeded its carrying amount, goodwill of the reporting unit was considered not impaired. If the carrying amount of a reporting unit exceeded its fair value, the second step of the goodwill impairment test was performed to measure the amount of impairment loss. We completed step one in June 2002, and concluded the carrying value of certain reporting units as of January 1, 2002 exceeded fair value. The completion of step two resulted in an impairment adjustment of \$1.34 billion. This amount has been reflected as a cumulative effect of a

change in accounting principle in the consolidated statement of operations, effective January 1, 2002, in accordance with SFAS 142.

9. Intangible Assets

The following table provides detail of our consolidated intangible assets balance (in thousands):

	UGC Post-Founders Transaction	UGC Pre-Founders Transaction
	December 31, 2004	December 31, 2003
Intangible assets with finite lives:		
Customer relationships	\$ 426,213	\$ 224,358
Other	24,676	20,267
Total	450,889	244,625
Accumulated amortization	(72,941)	(15,735)
Net	377,948	228,890
Intangible assets with indefinite lives:		
Tradenames	67,224	23,346
Total intangible assets, net	\$ 445,172	\$ 252,236

Amortization of intangible assets with finite useful lives was as follows (in thousands):

	UGC Post-Founders Transaction	UGC Pre-Founders Transaction
	Year Ended December 31, 2004	Year Ended December 31, 2003
Amortization expense	\$ 65,573	\$ 3,726

Based on our current amortizable intangible assets, we expect amortization expense will be as follows for the next five years and thereafter (in thousands):

	Year Ended December 31,					Thereafter	Total
	2005	2006	2007	2008	2009		
Estimated amortization expense	\$ 78,224	\$ 72,658	\$ 68,358	\$ 65,024	\$ 65,024	\$ 28,660	\$ 377,948

10. Debt

The following table provides detail of our consolidated third-party debt balance (in thousands):

	UGC Post-Founders Transaction	UGC Pre-Founders Transaction
	December 31, 2004	December 31, 2003
UPC Broadband Bank Facility	\$ 3,927,830	\$ 3,698,586
UGC Convertible Notes	681,850	—
VTR Bank Facility	97,941	123,000
Telenet Securities	87,821	—
Old UGC Senior Notes	24,627	24,627
Capital leases and other debt	58,880	80,493
Total debt	4,878,949	3,926,706
Current portion	(34,325)	(310,804)
Long-term portion	\$ 4,844,624	\$ 3,615,902

Debt Maturities

Our debt matures as follows (in thousands):

	Expected payment for the year ended December 31,							
	2005	2006	2007	2008	2009	Thereafter	Total	
UPC Broadband Bank Facility	\$ 2,389	\$ 550,215	\$ 718,306	\$ 432,844	\$ 1,508,159	\$ 715,917	\$ 3,927,830	
UGC Convertible Notes	—	—	—	—	—	681,850	681,850	
VTR Bank Facility	—	14,691	19,588	19,588	20,568	23,506	97,941	
Telenet Securities	—	—	—	—	—	87,821	87,821	
Old UGC Senior Notes	24,627	—	—	—	—	—	24,627	
Capital leases	2,585	2,865	3,130	3,427	3,739	32,608	48,354	
Other	4,724	1,261	884	817	716	2,124	10,526	
Total debt	\$ 34,325	\$ 569,032	\$ 741,908	\$ 456,676	\$ 1,533,182	\$ 1,543,826	\$ 4,878,949	

UPC Broadband Bank Facility

The UPC Broadband Bank Facility is the senior secured credit facility of UPC Broadband Holding B.V. ("UPC Broadband"), formerly known as UPC Distribution Holding B.V, an indirect wholly owned subsidiary of UPC. The UPC Broadband Bank Facility, originally executed in October 2000, is secured by the assets of UPC Broadband's majority-owned operating companies, and is senior to other long-term debt obligations of UPC.

The indenture governing the UPC Broadband Bank Facility contains covenants that limit among other things, UPC Broadband's ability to merge with or into another company, acquire other companies, incur additional debt, dispose of any assets unless in the ordinary course of business, enter or guarantee a loan

and enter into a hedging arrangement. The indenture also restricts UPC Broadband from transferring funds to its parent company (and indirectly to UGC) through loans, advances or dividends. If a change of control exists with respect to UGC's ownership of UGC Europe, UGC Europe's ownership of UPC Broadband or UPC Broadband's ownership of its respective subsidiaries, the facility agent may cancel each Facility and demand full payment. The covenants also provide for the following ratios (which vary depending on the period used for the calculation): (i) senior debt to annualized EBITDA (as defined in the UPC Broadband Bank Facility) ranging from 4.00:1 to 7.75:1 (ii) EBITDA to total cash ranging from 2.00:1 to 3.00:1 (iii) EBITDA to senior debt service ranging from 0.65:1 to 2.25:1 (iv) EBITDA to senior interest ranging from 2.10:1 to 3.40:1; and (v) total debt to annualized EBITDA ranging from 5.75:1 to 7.50:1.

In January 2004, the UPC Broadband Bank Facility was amended to permit indebtedness under a new tranche ("Facility D"). Facility D had substantially the same terms as the then existing facilities, and consisted of five different tranches totaling €1.072 billion. The proceeds of Facility D were limited in use to fund the scheduled payments of Facility B between December 2004 and December 2006.

In June 2004, UPC Broadband amended the UPC Broadband Bank Facility to add a new Facility E term loan to replace the undrawn Facility D term loan. Proceeds from Facility E totaled €1.022 billion, which, in conjunction with cash contributed indirectly by us, was used to: (i) repay some of the indebtedness borrowed under the other Facilities; (ii) redeem the UPC Polska senior notes due 2007; and (iii) provide funding for the Noos acquisition.

In December 2004, the UPC Broadband Bank Facility was amended to add a new Facility F term loan that: (i) increased the average debt maturity under the Facility; (ii) increased the available liquidity under the Facility; and (iii) reduced the average interest margin under the Facility. The amendment consisted of a \$525.0 million tranche and a €140.0 million tranche, totaling €535.0 million in gross proceeds. These proceeds were applied to: (i) repay €245.0 million under Facility A (representing all then outstanding amounts); (ii) prepay €101.2 million of Facility B that matured in June 2006; (iii) prepay €177.0 million of Facility C; and (iv) pay transaction fees of €11.8 million.

The following table provides detail of the UPC Broadband Bank Facility (in thousands):

Facility	Currency	UGC Post-Founders Transaction		UGC Pre-Founders Transaction		Interest Rate(3)
		December 31, 2004		December 31, 2003		
		Euros	US dollars	Euros	US dollars	
A(1)(2)	Euro	€ –	\$ –	€ 230,000	\$ 289,946	EURIBOR +2.25%-4.0%
B(1)	Euro	1,160,026	1,581,927	2,333,250	2,941,380	EURIBOR +2.25%-4.0%
C1	Euro	44,338	60,464	95,000	119,760	EURIBOR +5.5%
C2	USD		176,020	–	347,500	LIBOR +5.5%
E	Euro	1,021,853	1,393,501	–	–	EURIBOR +3.0%
F1(1)	Euro	140,000	190,918	–	–	EURIBOR +3.25%-4.0%
F2(1)	USD		525,000	–	–	LIBOR +3.0%-3.5%
Total		€ 2,366,217	\$ 3,927,830	€ 2,658,250	\$ 3,698,586	

- (1) Margin is variable based on certain leverage ratios.
- (2) Facility A is a revolving credit facility that has availability of €666.75 (\$909.2) million as of December 31, 2004, which can be used to finance additional permitted acquisitions and/or to refinance indebtedness, subject to covenant compliance. Facility A provides for an annual commitment fee of 0.5% for the unused portion of this facility.
- (3) As of December 31, 2004, six month EURIBOR and LIBOR rates were approximately 2.2% and 2.8%, respectively. The weighted-average interest rate on all Facilities for the year ended December 31, 2004 was approximately 6.0%.

The following table provides detail of the expected payments under the UPC Broadband Bank Facility (in thousands):

	Expected payment for the year ended December 31,													
Facility	2005		2006		2007		2008		2009		Thereafter		Total	
A	€	–	€	–	€	–	€	–	€	–	€	–	€	–
B		–		401,720		524,981		233,325		–		–		1,160,026
C1		448		448		448		21,497		21,497		–		44,338
E		–		–		–		–		1,021,853		–		1,021,853
F1		–		–		–		–		–		140,000		140,000
Subtotal in Euros	€	448	€	402,168	€	525,429	€	254,822	€	1,043,350	€	140,000	€	2,366,217
Subtotal in US dollars.	\$	611	\$	548,437	\$	716,528	\$	347,501	\$	1,422,816	\$	190,917	\$	3,226,810
Facility														
C2	\$	1,778	\$	1,778	\$	1,778	\$	85,343	\$	85,343	\$	–	\$	176,020
F2		–		–		–		–		–		525,000		525,000
Subtotal in US dollars.	\$	1,778	\$	1,778	\$	1,778	\$	85,343	\$	85,343	\$	525,000	\$	701,020
Total UPC Broadband Bank Facility	\$	2,389	\$	550,215	\$	718,306	\$	432,844	\$	1,508,159	\$	715,917	\$	3,927,830

UGC Convertible Notes

On April 6, 2004, we completed the offering and sale of €500.0 million (\$604.6 million based on the April 6, 2004 exchange rate) 1³/₄% euro-denominated convertible senior notes ("UGC Convertible Notes") due April 15, 2024. Interest is payable semi-annually on April 15 and October 15 of each year, beginning October 15, 2004. The UGC Convertible Notes are senior unsecured obligations that rank equally in right of payment with all of UGC's existing and future senior unsubordinated and unsecured indebtedness and ranks senior in right to all of UGC's existing and future subordinated indebtedness. The UGC Convertible Notes are effectively subordinated to all existing and future indebtedness and other obligations of our subsidiaries. The indenture governing the UGC Convertible Notes (the "Indenture") does not contain any financial or operating covenants. The UGC Convertible Notes may be redeemed at our option, in whole or in part, on or after April 20, 2011 at a redemption price in euros equal to 100% of the principal amount, together with accrued and unpaid interest. Holders of the UGC Convertible Notes have the right to tender all or part of their notes for purchase by us on April 15, 2011, April 15, 2014 and April 15, 2019, for a purchase price equal to 100% of the principal amount, plus accrued and unpaid interest. If a change in control (as defined in the Indenture) has occurred, each holder of the UGC Convertible Notes may require us to purchase their notes, in whole or in part, at a price equal to 100% of the principal amount, plus accrued and unpaid interest. The UGC Convertible Notes are convertible into 51,250,000 shares of our Class A common stock at an initial conversion price of

€9.7561 per share, which was equivalent to a conversion price of \$12.00 per share and a conversion rate of 102.5 shares per €1,000 principal amount of the UGC Convertible Notes on the date of issue. Holders of the UGC Convertible Notes may surrender their notes for conversion prior to maturity in the following circumstances: (1) the price of our Class A common stock issuable upon conversion of a UGC Convertible Note reaches a specified threshold, (2) we have called the UGC Convertible Notes for redemption, (3) the trading price for the UGC Convertible Notes falls below a specified threshold or (4) we make certain distributions to holders of our Class A common stock or specified corporate transactions occur.

VTR Bank Facility

On December 17, 2004, VTR completed the refinancing of its existing bank facility with a new Chilean peso-denominated six-year amortizing term senior secured credit facility (the "VTR Bank Facility"). The facility consists of two tranches – a ChP 54.7675 billion (\$95.0 million) committed Tranche A and an uncommitted Tranche B. Gross proceeds from Tranche A were used for: (i) prepayment of its existing bank facility of \$84.0 million; (ii) prepayment of a working capital line of credit totaling \$5.0 million (U.S. dollar equivalent at repayment date); (iii) fees associated with the refinancing; and (iv) general corporate purposes. Principal payments are due quarterly commencing June 17, 2006 with final maturity on December 17, 2010. The VTR Bank Facility bears interest at a 90-day peso Tasa Activa Bancaria ("TAB"), an interest rate published by the Chilean Superintendence of Banks and Financial Institutions ("SBIF"), plus a margin of 1.35%, subject to change depending on VTR's solvency rating and debt to EBITDA ratio. The TAB was 3.84% as of December 31, 2004.

The VTR Bank Facility is secured by VTR's assets and the assets and capital stock of its subsidiaries, is senior to the subordinated debt to us and ranks *pari passu* to future senior indebtedness of VTR. The VTR Bank Facility credit agreement contains affirmative, negative and financial covenants, including, but not limited to: (i) limitations on liens; (ii) limitations on the sale or transfer of essential and fixed assets; (iii) limitations on additional indebtedness; (iv) maintenance of an EBITDA to interest expenditure ratio of not less than 4.0 to 1; (v) maintenance of a total debt to EBITDA ratio of not more than 2.5 to 1; (vi) maintenance of EBITDA for four consecutive quarters of not less than Chilean indexed unit of account, or "UF," 2.870 (\$88.9) million; (vii) maintenance of an available cash for debt service ratio of not less than 1.5 to 1; and (viii) maintenance of a total liabilities to assets ratio no greater than 1 to 1. The credit agreement allows for the distribution by VTR of certain restricted payments, such as dividends to its shareholders, as long as no default exists under the facility and VTR maintains certain minimum levels of cash. VTR is in compliance with its loan covenants.

Telenet Securities

These securities represent mandatorily redeemable securities of the InvestCos, our consolidated subsidiaries that own a direct investment in Telenet. These securities are subject to mandatory redemption on March 30, 2050. Upon an initial public offering of Telenet or the occurrence of certain other events, these securities will become immediately redeemable. Given the mandatory redemption feature, we have classified these securities as debt and have recorded these securities at their estimated fair value as of December 31, 2004 in connection with the preliminary purchase price allocation for the

indirect acquisition of our interest in Telenet. Once the purchase price allocation is finalized, subsequent changes in fair value will be reported in earnings.

Old UGC Senior Notes

On January 12, 2004, Old UGC (our wholly owned subsidiary that has an indirect 100% interest in VTR and an indirect approximate 34% interest in Austar United) filed a voluntary petition for relief under Chapter 11 of the U.S. Bankruptcy Code with the U.S. Bankruptcy Court for the Southern District of New York. On September 21, 2004, we and Old UGC filed with the Bankruptcy Court a plan of reorganization, which was subsequently amended on October 5, 2004. The plan of reorganization provided for the acquisition by Old UGC of \$638.0 million face amount of Old UGC Senior Notes held by us (following cancellation of certain offsetting obligations) for common stock of Old UGC and \$599.2 million face amount of Old UGC Senior Notes held by IDT United for preferred stock of Old UGC. Old UGC Senior Notes held by third parties (\$24.6 million face amount) would be left outstanding (after cure, through the repayment of approximately \$5.1 million in accrued and unpaid interest, and reinstatement). In addition, Old UGC would make a payment of approximately \$3.1 million in settlement of certain outstanding guarantee obligations. The Bankruptcy Court confirmed the plan of reorganization on November 10, 2004, and, following an appeal period, the plan of reorganization was consummated on November 24, 2004.

Following the consummation of the plan of reorganization, we executed a stock purchase agreement with two shareholders of IDT United whereby we acquired all of the remaining capital stock of IDT United not previously owned by us for approximately \$22.7 million in cash. As a result of this transaction, IDT United became our wholly-owned subsidiary.

In connection with the Old UGC reorganization, a total of \$24.6 million was deposited into an escrow account for the purpose of repayment of the Old UGC Senior Notes. On February 15, 2005, the Old UGC Senior Notes were redeemed in full for total cash consideration of \$25.068 million plus accrued interest from August 15, 2004 through the redemption date totaling \$1.324 million.

The following table provides detail of the interest cost recorded in our consolidated statement of operations (in thousands):

	UGC Post-Founders Transaction	UGC Pre-Founders Transaction	
	Year Ended December 31, 2004	Year Ended December 31,	
		2003	2002
Cash Pay:			
UPC Broadband Bank Facility	\$ (220,516)	\$ (254,900)	\$ (244,785)
UGC Convertible Notes	(7,971)	–	–
VTR Bank Facility	(6,863)	(9,373)	(12,917)
Old UGC Senior Notes	(2,963)	(2,375)	–
UPC and subsidiaries' senior notes and other	(23,379)	(9,751)	(188,152)
	(261,692)	(276,399)	(445,854)
Non Cash:			
Amortization of deferred financing costs	(21,388)	(21,268)	(23,072)
Senior discount notes accretion and other	(200)	(29,465)	(211,175)
	(21,588)	(50,733)	(234,247)
Total	\$ (283,280)	\$ (327,132)	\$ (680,101)

11. Fair Value of Financial Instruments

The following table provides an analysis of the fair value of our debt securities (in thousands):

	UGC Post-Founders Transaction		UGC Pre-Founders Transaction	
	December 31, 2004		December 31, 2003	
	Carrying Value	Fair Value	Carrying Value	Fair Value
UPC Broadband Bank Facility	\$ 3,927,830	\$ 3,914,861(1)	\$ 3,698,586	\$ 3,698,586(2)
UGC Convertible Notes	681,850	692,078(3)	–	–
VTR Bank Facility	97,941	97,941(4)	123,000	123,000(5)
Telenet Securities	87,821	87,821(6)	–	–
Old UGC Senior Notes	24,627	24,627(7)	24,627	20,687(8)
Other	58,880	58,880(9)	80,493	80,493(9)
Total third-party debt.	4,878,949	4,876,208	3,926,706	3,922,766
Notes payable to parent	108,414	108,414(10)	102,728	102,728(11)
Total debt	\$ 4,987,363	\$ 4,984,622	\$ 4,029,434	\$ 4,025,494

(1) Fair value is based on the average bid and offer price of each Facility as quoted by the banking syndicate as of December 31, 2004.

- (2) In the absence of quoted market prices, we determined the fair value to be equivalent to carrying value because: a) interest on this facility is tied to variable market rates; b) Moody's Investor Service rated the facility at B+; and c) the credit agreement was amended in January 2004 to add a new €1.072 billion tranche on similar credit terms as the previous facility.
- (3) Fair value is based on the average bid and offer price as of December 31, 2004.
- (4) In the absence of quoted market prices, we determined the fair value to be equivalent to carrying value because the transaction was consummated in December 2004.
- (5) In the absence of quoted market prices, we determined the fair value to be equivalent to carrying value because: a) interest on this facility is tied to variable market rates; b) VTR is not highly leveraged; c) VTR's results of operations exceeded budget in 2003; d) the Chilean peso strengthened considerably in 2003; and e) in May 2003 the credit agreement was amended and restated on similar credit terms to the previous facility.
- (6) The Telenet Securities are carried at fair value.
- (7) These notes were redeemed for cash in February 2005.
- (8) Fair value is based on an independent valuation analysis.
- (9) Fair value approximates carrying value, due to the variable interest rate nature of this debt.
- (10) Fair value approximates carrying value, due to the short-term nature of these notes (due June 2005).
- (11) We extinguished this obligation at its carrying amount in January 2004 through the issuance of our Class A common stock at fair value.

The carrying value of cash and cash equivalents, restricted cash, short-term liquid investments, receivables, trade and other receivables, other current assets, accounts payable, accrued liabilities, subscriber advance payments and deposits and other current liabilities approximate fair value, due to their short maturity. The fair values of equity securities are based upon quoted market prices at the reporting date.

12. Derivative Financial Instruments

The following table provides detail of the fair value of our derivative financial instrument assets (liabilities), net (in thousands):

	UGC Post-Founders Transaction	UGC Pre-Founders Transaction
	December 31, 2004	December 31, 2003
Interest rate caps	\$ 2,384	\$ 966
Cross-currency and interest rate swaps	(25,648)	(42,773)
Embedded foreign exchange derivatives	(49)	(3,834)
Total	\$ (23,313)	\$ (45,641)

Other than as described below, the changes in fair value of our derivative financial instruments are recorded in the consolidated statement of operations, as follows (in thousands):

	UGC Post-Founders Transaction	UGC Pre-Founders Transaction	
	Year Ended December 31, 2004	Year Ended December 31, 2003	2002
Interest rate caps	\$ (20,318)	\$ –	\$ –
Cross-currency and interest rate swaps	(43,779)	(35,424)	138,398
Embedded foreign exchange derivatives	3,860	–	–
Total	\$ (60,237)	\$ (35,424)	\$ 138,398

During the first quarter of 2003, we purchased interest rate caps related to the UPC Broadband Bank Facility that capped the variable EURIBOR interest rate at 3.0% on a notional amount of €2.7 billion for 2003 and 2004. As we were able to fix our variable interest rates below 3.0% on the UPC Broadband Bank Facility during 2003 and 2004, all of these caps expired without being exercised. During the first and second quarter of 2004, we purchased interest rate caps for a total of \$21.4 million, capping the variable interest rate at 3.0% and 4.0% for 2005 and 2006, respectively, on notional amounts totaling €2.25 billion to €2.6 billion.

In June 2003, we entered into a cross currency and interest rate swap pursuant to which a notional amount of \$347.5 million was swapped at an average rate of 1.133 euros per U.S. dollar until July 2005, with the variable LIBOR interest rate (including margin) swapped into a fixed interest rate of 7.85%. Following the prepayment of part of Tranche C in December 2004, we paid down this swap with a cash payment of \$59.1 million and unwound a notional amount of \$171.5 million. The remainder of the swap is for a notional amount of \$176.0 million, and the euro to U.S. dollar exchange rate has been reset at 1.3158 to 1. In connection with the refinancing of the UPC Broadband Bank Facility in December 2004, we entered into a seven year cross currency and interest rate swap pursuant to which a notional amount of \$525.0 million was swapped at a rate of 1.3342 euros per U.S. dollar until December 2011, with the variable interest rate of LIBOR + 300 basis points swapped into a variable rate of EURIBOR +310 basis points for the same time period.

In 1999 and 2000, UPC entered into various cross-currency and interest rate swaps on its senior notes and senior discount notes. Through June 2002, the changes in fair value of these derivative contracts were recorded in the consolidated statement of operations. In June 2002, we recognized a gain of \$342.3 million from the delivery by certain banks to UPC of \$399.2 million in aggregate principal amount of UPC's senior notes and senior discount notes as settlement of these cross-currency and interest rate derivative contracts.

In 2002, we had a cross currency swap related to the UPC Broadband Bank Facility where a \$347.5 million notional amount was swapped at an average rate of 0.852 euros per U.S. dollar until November 29, 2002. On November 29, 2002, the swap was settled for €64.6 million. We also had an

interest rate swap related to the UPC Broadband Bank Facility where a notional amount of €1.725 billion was fixed at 4.55% for the EURIBOR portion of the interest calculation through April 15, 2003. This swap qualified as an accounting cash flow hedge, and accordingly, the changes in fair value of this instrument were recorded through other comprehensive income (loss) in the consolidated statement of stockholders' equity until the expiration of this swap on April 15, 2003.

Certain of our operating companies' programming contracts are denominated in currencies that are not the functional currency or local currency of that operating company, nor that of the counter party. As a result, these contracts contain embedded foreign exchange derivatives that require separate accounting. We report these derivatives at fair value, with changes in fair value recognized in earnings.

13. UPC Polska Reorganization

On July 7, 2003, UPC Polska, an indirect subsidiary of UPC, filed a voluntary petition for relief under Chapter 11 of the U.S. Bankruptcy Code with the U.S. Bankruptcy Court for the Southern District of New York. The carrying value of UPC Polska's senior notes and other liabilities subject to compromise totaled \$317.4 million and \$19.5 million, respectively, as of December 31, 2003. The fair value of UPC Polska's senior notes and other liabilities subject to compromise totaled \$194.5 million and \$10.0 million, respectively, as of December 31, 2003. On January 22, 2004, the U.S. Bankruptcy Court confirmed UPC Polska's Chapter 11 plan of reorganization, which was consummated and became effective on February 18, 2004, when UPC Polska emerged from the Chapter 11 proceeding. In accordance with UPC Polska's plan of reorganization, third-party holders of the UPC Polska senior notes and other claimholders received a total of \$87.4 million in cash, \$101.7 million in new 9% UPC Polska senior notes due 2007 and 2,011,813 shares of our Class A common stock valued at \$18.4 million in exchange for the cancellation of their claims. We recognized a gain of \$31.9 million from the extinguishment of the UPC Polska senior notes and other liabilities subject to compromise, equal to the excess of their respective carrying amounts over the fair value of consideration given. The new UPC Polska senior notes were redeemed on July 16, 2004 for a cash payment of \$101.7 million.

14. Commitments and Contingencies

Commitments

In the normal course of business, we have entered into agreements that commit our company to make cash payments in future periods with respect to non-cancelable leases, programming contracts, purchases of customer premise equipment, construction activities, network maintenance, and upgrade and other commitments arising from our agreements with local franchise authorities. We expect that in the normal course of business, leases that expire generally will be renewed or replaced by similar leases. Rental costs under such arrangements totaled \$86,170,000, \$69,901,000 and \$48,466,000 for the years ended

December 31, 2004, 2003 and 2002, respectively. Future obligations pursuant to these agreements are as follows (in thousands):

	Expected payment as of December 31,						
	2005	2006	2007	2008	2009	Thereafter	Total
Operating leases	\$ 97,694	\$ 70,894	\$ 64,694	\$ 46,690	\$ 41,993	\$ 108,778	\$ 430,743
Programming commitments	90,988	20,987	7,586	3,337	1,916	17,086	141,900
Purchase commitments	22,717	1,957	—	—	—	—	24,674
Other commitments	53,697	9,753	5,883	3,953	3,972	14,313	91,571
Total commitments	\$ 265,096	\$ 103,591	\$ 78,163	\$ 53,980	\$ 47,881	\$ 140,177	\$ 688,888

Programming commitments consist of obligations associated with certain of our programming contracts that are enforceable and legally binding on us, where we have agreed to pay minimum fees, regardless of the actual number of subscribers or whether we terminate cable service to a portion of our subscribers or dispose of a portion of our cable systems. Purchase commitments consist of obligations associated with certain contracts to purchase customer premise equipment that are enforceable and legally binding on us. Other commitments consist of commitments to rebuild or upgrade cable systems and to extend the cable network to new developments, network maintenance, and other fixed minimum contractual commitments associated with our agreements with franchise or municipal authorities. The amount and timing of the payments included in the table with respect to our rebuild, upgrade and network extension commitments are estimated based on the remaining capital required to bring the cable distribution system into compliance with the requirements of the applicable franchise agreement specifications.

Guarantees

In the ordinary course of business, we have provided indemnifications to (i) purchasers of certain of our assets, (ii) our lenders, (ii) our vendors and (iv) other parties. In addition, we have provided performance and/or financial guarantees to our franchise authorities, customers and vendors. Historically, these arrangements have not resulted in our company making any material payments and we have no reason to believe that they will result in material payments in the future.

Income Tax Contingencies

We operate in numerous countries around the world and accordingly we are subject to, and pay annual income taxes under, the various income tax regimes in the countries in which we operate. We have historically filed, and continue to file, all required income tax returns and pay income taxes reasonably determined to be due. The tax rules and regulations in many countries are highly complex and subject to interpretation. From time to time we may be subject to a review of our historic income tax filings. In connection with such reviews, disputes could arise with the taxing authorities over the interpretation or application of certain income tax rules related to our business in that tax jurisdiction. We have accrued income taxes (and related interest and penalties, if applicable) for amounts that represent income tax exposure items in tax years for which additional income taxes may be assessed.

Other Contingencies

From time to time, we and our subsidiaries may become involved in litigation relating to claims arising out of our operations in the normal course of business. The following is a description of certain legal proceedings to which we or one of our subsidiaries is a party. Although it is reasonably possible we may incur losses upon conclusion of these matters, an estimate of any loss or range of loss cannot be made. We believe the ultimate resolution of these contingencies would not likely have a material adverse effect on our business, results of operations, financial condition or liquidity.

We have entered into Indemnification Agreements with each of our directors, our named executive officers and certain other officers. Pursuant to such Agreements and as permitted by our Bylaws, we will indemnify any such person to the fullest extent permitted by law against any and all expenses, judgments, fines, penalties and settlements incurred as a result of being a party or threatened to be a party in a legal proceeding as a result of being our director or officer.

Signal

On April 26, 2002, UPC received a notice that certain former shareholders of Signal Global Communications ("Signal") filed a lawsuit against UPC in the District Court of Amsterdam, The Netherlands, claiming \$200 million on the basis that UPC failed to honor certain option rights that were granted to those shareholders in connection with the acquisition of Signal by Priority Telecom. UPC believes that it has complied in full with its obligations to these shareholders through the successful completion of the initial public offering of Priority Telecom on September 27, 2001. Accordingly, UPC believes that the Signal shareholders' claims are without merit and intends to defend this suit vigorously. In December 2003, certain members and former members of the Supervisory Board of Priority Telecom were put on notice that a tort claim may be filed against them for their cooperation in the initial public offering. A hearing was held on March 8, 2005, and a decision is expected in April 2005.

Class Action Lawsuits Relating to the Merger Transaction with LMI

Since January 18, 2005, twenty-one lawsuits have been filed in the Delaware Court of Chancery, and one lawsuit in the Denver District Court, all purportedly on behalf of our public stockholders, regarding the announcement on January 18, 2005 of the execution by LMI and us of the agreement and plan of merger for the combination of our companies. The defendants named in these actions include UGC, Gene W. Schneider, Michael T. Fries, David B. Koff, Robert R. Bennett, John C. Malone, John P. Cole, Bernard G. Dvorak, John W. Dick, Paul A. Gould and Gary S. Howard (directors of UGC) and LMI. The allegations in each of the complaints, which are substantially similar, assert that the defendants have breached their fiduciary duties of loyalty, care, good faith and candor and that various defendants have engaged in self-dealing and unjust enrichment, affirmed an unfair price, and impeded or discouraged other offers for UGC or our assets in bad faith and for improper motives. In addition to seeking to enjoin the transaction, the complaints seek remedies, including damages for the public holders of our stock and an award of attorney's fees to plaintiffs' counsel. On February 11, 2005, the Delaware Court of Chancery consolidated the Delaware lawsuits. In connection with these lawsuits, defendants have been served with one request for production of documents. We believe the lawsuits are without merit.

The Dutch competition authority, or "NMA," is currently investigating the price increases that we made with respect to our video services in 2004 to determine whether we abused our dominant position. If the NMA were to find that the price increases amount to an abuse of a dominant position, the NMA could impose fines of up to 10% of our 2003 video revenues in The Netherlands and we would be obliged to reconsider the price increases. Historically, in many parts of the Netherlands, we are a party to contracts with local municipalities that seek to control aspects of our Dutch business including, in some cases, pricing and package composition. Most of these contracts have been eliminated by agreement, although some contracts are still in force and under negotiation. In some cases there is litigation ongoing where some municipalities have resisted our attempts to move away from the contracts.

15. Minority Interests in Subsidiaries

The following table provides detail of the minority interests in our consolidated subsidiaries' net assets (in thousands):

	UGC Post-Founders Transaction	UGC Pre-Founders Transaction
	December 31, 2004	December 31, 2003
UPC Broadband France	\$ 94,338	\$ –
IDT United	–	20,858
Other	2,040	1,903
Total	\$ 96,378	\$ 22,761

The following table provides detail of the minority interests' share in the results of operations of our consolidated subsidiaries (in thousands):

	UGC Post-Founders Transaction	UGC Pre-Founders Transaction	
	Year Ended December 31, 2004	Year Ended December 31,	
		2003	2002
UPC Broadband France	\$ 7,172	\$ –	\$ –
IDT United	(4,012)	2,227	1,900
Minority interest share of UGC Europe net loss	–	181,046	–
Accrual of dividends on UPC's convertible preference shares held by third parties	–	–	(78,355)
Accrual of dividends on UPC's convertible preference shares held by Liberty	–	–	(18,728)
Other	(98)	(91)	28,080
Total	\$ 3,062	\$ 183,182	\$ (67,103)

16. Stockholders' Equity

Our authorized capital stock currently consists of 1,000,000,000 shares of Class A common stock, 1,000,000,000 shares of Class B common stock, 400,000,000 shares of Class C common stock and 10,000,000 shares of preferred stock, all \$0.01 par value per share.

Common Stock

Our Class A common stock, Class B common stock and Class C common stock have identical economic rights. Each share of Class A common stock, Class B common stock and Class C common stock entitles the holders thereof to one, ten and ten votes, respectively, on each matter to be voted on by our stockholders, including the election of directors. Each share of Class B common stock is convertible, at the option of the holder, into one share of Class A common stock at any time. Each share of Class C common stock is convertible, at the option of the holder, into one share of Class A common stock or Class B common stock at any time.

Pursuant to the Liberty Global merger agreement, we may not pay any dividends until the mergers are completed or the merger agreement is terminated. Except for the foregoing, there are currently no restrictions on our ability to pay dividends in cash or stock. Holders of our Class A, Class B and Class C common stock are entitled to receive any dividends that are declared by our board of directors out of funds legally available for that purpose. In the event of our liquidation, dissolution or winding up, holders of our Class A, Class B and Class C common stock will be entitled to share in all assets available for distribution to holders of common stock. Holders of our Class A, Class B and Class C common stock have no preemptive right under our certificate of incorporation. Our certificate of incorporation provides that if there is any dividend, subdivision, combination or reclassification of any class of common stock, a proportionate dividend, subdivision, combination or reclassification of each other class of common stock will be made at the same time.

Preferred Stock

We are authorized to issue 10 million shares of preferred stock. Our board of directors is authorized, without any further action by the stockholders, to determine the following for any unissued series of preferred stock:

- voting rights;
- dividend rights;
- dividend rates;
- liquidation preferences;
- redemption provisions;
- sinking fund terms;
- conversion of exchange rights;
- the number of shares in the series, and
- other rights, preferences, privileges and restrictions.

In addition, the preferred stock could have other rights, including economic rights senior to common stock, so that the issuance of the preferred stock could adversely affect the market value of common stock. The issuance of preferred stock may also have the effect of delaying, deferring or preventing a change in control of us without any action by the stockholders.

Rights Offering

In February 2004, we completed a rights offering to our stockholders, providing subscription rights to purchase shares of our Class A, Class B and Class C common stock at a per share subscription price of \$6.00. The fully subscribed rights offering resulted in the issuance of a total of 170,120,754 shares for gross proceeds of \$1.02 billion.

LMC Exercise of Preemptive Right

In January 2004, LMC exercised its preemptive right to acquire our Class A common stock, based on shares of Class A common stock issued by us in the UGC Europe exchange offer. As a result, LMC acquired 18,293,539 shares of our Class A common stock at \$7.6929 per share. LMC paid for the shares through the cancellation of \$102.7 million of notes payable to LMC, the cancellation of \$1.7 million of accrued but unpaid interest on those notes and \$36.3 million in cash. In February 2004, LMC exercised its preemptive right to acquire our Class A common stock, based on shares of Class A common stock issued by us in the UPC Polska reorganization. As a result, LMC acquired 2,413,355 shares of our Class A common stock at \$6.9026 per share for cash consideration of \$16.7 million.

Accumulated Other Comprehensive Income

The following table provides detail of our accumulated other comprehensive income (in thousands):

	UGC Post-Founders Transaction	UGC Pre-Founders Transaction
	December 31, 2004	December 31, 2003
Cumulative foreign currency translation adjustments	\$ 195,429	\$ (1,057,074)
Unrealized gain on available-for-sale securities, net of income tax effects	28,365	113,909
Total	\$ 223,794	\$ (943,165)

Restricted Net Assets

As of December 31, 2004, approximately \$1.7 billion of our net assets represented net assets of certain of our subsidiaries that were not available to be transferred to our company in the form of dividends, loans or advances due to restrictions contained in the UPC Broadband Bank Facility.

UGC Equity Incentive Plan

In August 2003, our Board adopted an Equity Incentive Plan (the "Incentive Plan"). Our stockholders approved the Incentive Plan, which was effective as of September 1, 2003 and will terminate on August 31, 2013. The Incentive Plan permits the grant of stock options, restricted stock awards ("Restricted Stock"), SARs, stock bonuses, stock units, and other grants of stock (collectively, "Awards") covering up to 59,000,000 shares, as amended, of Class A or Class B common stock. The number of shares increases on January 1 of each calendar year (beginning with calendar year 2004) during the duration of the Incentive Plan by 1% of the aggregate number of shares of Class A and Class B common stock outstanding on December 31 of the immediately preceding calendar year. No more than 5,000,000 shares of Class A and Class B common stock in the aggregate may be granted to a single participant during any calendar year, and no more than 3,000,000 shares may be issued under the Incentive Plan as Class B common stock. Employees, consultants, and non-employee directors of UGC and affiliated entities designated by the Board may receive Awards under the Incentive Plan, provided, however, that incentive stock options may not be granted to consultants or non-employee directors.

The Incentive Plan is generally administered by the Compensation Committee of our Board of Directors, which has the discretion to determine the employees and consultants to whom Awards are granted, the number and type of shares subject to the Awards, the exercise price of the Awards (which may be at, below, or above the fair market value of our Class A or Class B common stock on the date of grant), the period over which the Awards vest, the term of the Awards, and certain other provisions relating to the Awards. The Compensation Committee may, under certain circumstances, delegate to officers of UGC the authority to grant Awards to specified groups of employees and consultants. Our Board has the sole authority to grant Awards under the Incentive Plan to non-employee directors.

As a result of the dilution caused by our subscription rights offering in February 2004, the exercise or base prices of all awards outstanding pursuant to the Incentive Plan were reduced by \$0.87.

A summary of activity for the Incentive Plan's Options is as follows:

		UGC Post-Founders Transaction	
		Year Ended December 31, 2004	
		Number of Stock Options	Weighted- Average Exercise Price
Outstanding at beginning of year	–	\$	–
Granted during the year	4,780,000	\$	7.72
Cancelled during the year	(80,000)	\$	7.48
Exercised during the year	–	\$	–
Outstanding at end of year	4,700,000	\$	7.72
Exercisable at end of year	–	\$	–

These Options vest over 5 years, with quarterly vesting beginning six months from date of grant.

A summary of activity for the Incentive Plan's Restricted Stock is as follows:

	UGC Post-Founders Transaction	
	Year Ended December 31, 2004	
	Number of Restricted Stock Awards	Weighted- Average Stock Price
Outstanding at beginning of year	–	\$ –
Granted during the year	224,587	\$ 8.24
Cancelled during the year	–	\$ –
Exercised during the year	–	\$ –
Outstanding at end of year	224,587	\$ 8.24
Exercisable at end of year	–	\$ –

These Restricted Stock Awards vest over 5 years, with quarterly vesting beginning six months from date of grant.

A summary of activity for the Incentive Plan's SARs is as follows:

	UGC Post-Founders Transaction		UGC Pre-Founders Transaction	
	Year Ended December 31, 2004		Year Ended December 31, 2003	
	Number of SARs	Weighted- Average Base Price	Number of SARs	Weighted- Average Base Price
Outstanding at beginning of year	32,087,270	\$ 3.82	–	\$ –
Granted during the year	5,062,138	\$ 7.31	32,165,550	\$ 3.82
Cancelled during the year	(1,851,904)	\$ 4.39	(78,280)	\$ 3.72
Exercised during the year	(5,215,510)	\$ 3.66	–	\$ –
Outstanding at end of year	30,081,994	\$ 4.43	32,087,270	\$ 3.82
Exercisable at end of year	1,972,906	\$ 4.39	–	\$ –

The SARs granted in 2003 vest in five equal annual increments from the date of grant. The SARs granted in 2004 vest over 5 years, with quarterly vesting beginning six months from date of grant.

The weighted-average fair value and weighted-average exercise price of Options granted under the Incentive Plan are as follows:

Exercise Price	UGC Post-Founders Transaction		
	Year Ended December 31, 2004		
	Number	Fair Value	Exercise Price
Less than market price	–	\$ –	\$ –
Equal to market price	4,780,000	\$ 6.19	\$ 7.72
Greater than market price	–	\$ –	\$ –
Total	4,780,000	\$ 6.19	\$ 7.72

The weighted-average fair value and weighted-average stock price of Restricted Stock granted under the Incentive Plan are as follows:

Stock Price	UGC Post-Founders Transaction		
	Year Ended December 31, 2004		
	Number	Fair Value	Stock Price
Less than market price	–	\$ –	\$ –
Equal to market price	224,587	\$ 8.24	\$ 8.24
Greater than market price	–	\$ –	\$ –
Total	224,587	\$ 8.24	\$ 8.24

The weighted-average fair value and weighted-average base price of SARs granted under the Incentive Plan are as follows:

Base Price	UGC Post-Founders Transaction			UGC Pre-Founders Transaction		
	Year Ended December 31, 2004			Year Ended December 31, 2003		
	Number	Fair Value	Base Price	Number	Fair Value	Base Price
Less than market price	154,500	\$ 4.57	\$ 2.87	15,081,775	\$ 4.57	\$ 2.87
Equal to market price	154,500	\$ 8.31	\$ 4.57	15,081,775	\$ 6.01	\$ 4.57
Equal to market price	4,753,138	\$ 6.02	\$ 7.55	2,002,000	\$ 4.04	\$ 5.26
Greater than market price	–	\$ –	\$ –	–	\$ –	\$ –
Total	5,062,138	\$ 6.17	\$ 7.31	32,165,550	\$ 3.46	\$ 3.82

A total of 15,236,275 SARs were granted below fair market value on date of grant; however, upon exercise the holder will only receive the difference between \$2.87 and the lesser of \$4.57 or the market price of our Class A common stock on the date of exercise.

The following summarizes information about Options outstanding:

UGC Post-Founders Transaction					
December 31, 2004					
Options Outstanding			Options Exercisable		
Exercise Price Range	Number	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Number	Weighted-Average Exercise Price
\$7.48	3,215,000	9.84	\$ 7.48	–	\$ –
\$8.24	1,485,000	9.90	\$ 8.24	–	\$ –
Total	4,700,000	9.86	\$ 7.72	–	\$ –

The following summarizes information about Restricted Stock outstanding:

UGC Post-Founders Transaction			
December 31, 2004			
Stock Price Range	Number	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Stock Price
\$8.24	224,587	4.95	\$ 8.24

The following summarizes information about SARs outstanding and exercisable:

UGC Post-Founders Transaction					
December 31, 2004					
SARs Outstanding				SARs Exercisable	
Base Price Range	Number	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Base Price	Number	Weighted-Average Base Price
\$2.87	11,523,022	8.49	\$ 2.87	507,378	\$ 2.87
\$4.57	12,084,784	8.37	\$ 4.57	1,069,140	\$ 4.57
\$5.26 - \$6.33	1,981,050	8.86	\$ 5.38	268,250	\$ 5.26
\$7.10 - \$8.24	4,493,138	9.83	\$ 7.63	128,138	\$ 7.10
Total	30,081,994	8.67	\$ 4.43	1,972,906	\$ 4.39

A total of 11,523,022 SARs outstanding as of December 31, 2004 represent capped SARs, where the holder will only receive the difference between \$2.87 and the lesser of \$4.57 or the market price of our Class A common stock on the date of exercise.

Fair Value of Grants in 2004

The fair value of options granted pursuant to the Incentive Plan for the year ended December 31, 2004 reported below has been estimated at the date of grant using the Black-Scholes single-option pricing model and the following weighted-average assumptions:

UGC Post-Founders Transaction	
Year Ended December 31, 2004	
Risk-free interest rate	3.61%
Expected lives	6 years
Expected volatility	100%
Expected dividend yield	0%

Based on the above assumptions, the total fair value of options granted under the Incentive Plan was \$29.6 million for the year ended December 31, 2004.

UGC Stock Option Plans

During 1993, Old UGC adopted a stock option plan for certain of its employees, which was assumed by us on January 30, 2002 (the "Employee Plan"). The Employee Plan provided for the grant of options to purchase up to 39,200,000 shares of our Class A common stock, of which options for up to 3,000,000 shares of Class B common stock were available to be granted in lieu of options for shares of our Class A common stock. The Committee had the discretion to determine the employees and consultants to whom options were granted, the number of shares subject to the options, the exercise price of the options, the period over which the options became exercisable, the term of the options (including the period after termination of employment during which an option was to be exercised) and certain other provisions relating to the options. The maximum number of shares subject to options that were allowed to be granted to any one participant under the Employee Plan during any calendar year was 5,000,000 shares. The maximum term of options granted under the Employee Plan was ten years. Options granted were either incentive stock options under the Internal Revenue Code of 1986, as amended, or non-qualified stock options. The Employee Plan expired June 1, 2003. Options outstanding prior to the expiration date continue to be recognized, but no new grants of options will be made. All options outstanding on January 5, 2004 pursuant to the Employee Plan became fully vested as a result of the change of control due to the Founders Transaction. As of December 31, 2004, 9,881,029 and 3,000,000 shares of Class A common stock and Class B common stock, respectively, were outstanding and exercisable pursuant to the Employee Plan.

Old UGC adopted a stock option plan for non-employee directors effective June 1, 1993, which was assumed by us on January 30, 2002 (the "1993 Director Plan"). The 1993 Director Plan provided for the grant of an option to acquire 20,000 shares of our Class A common stock to each member of the Board of Directors who was not also an employee of ours (a "non-employee director") on June 1, 1993, and to each person who is newly elected to the Board of Directors as a non-employee director after June 1, 1993, on the date of their election. To allow for additional option grants to non-employee directors, Old UGC adopted a second stock option plan for non-employee directors effective March 20, 1998, which was assumed by us on January 30, 2002 (the "1998 Director Plan", and together with the 1993 Director Plan, the "Director Plans"). Options under the 1998 Director Plan were granted at the discretion of our Board of Directors. The maximum term of options granted under the Director Plans was ten years. Effective March 14, 2003, the Board of Directors terminated the 1993 Director Plan. Options outstanding prior to the date of termination shall continue to be recognized, but no new grants of options will be made.

As a result of the dilution caused by our subscription rights offering in February 2004, the exercise prices of all options outstanding pursuant to the Employee Plan and the Director Plans were reduced by \$0.87.

A summary of stock option activity for the Employee Plan is as follows:

	UGC Post-Founders Transaction		UGC Pre-Founders Transaction			
	Year Ended December 31, 2004		Year Ended December 31, 2003		Year Ended December 31, 2002	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding at beginning of year	13,745,692	\$ 7.49	16,964,230	\$ 7.01	5,141,807	\$ 15.29
Granted during the year	–	\$ –	–	\$ –	11,970,000	\$ 3.56
Cancelled during the year	(247,586)	\$ 14.63	(3,067,084)	\$ 5.03	(147,577)	\$ 15.79
Exercised during the year	(617,077)	\$ 4.94	(151,454)	\$ 3.05	–	\$ –
Outstanding at end of year	12,881,029	\$ 7.52	13,745,692	\$ 7.49	16,964,230	\$ 7.01
Exercisable at end of year	12,881,029	\$ 7.52	8,977,124	\$ 9.04	7,371,369	\$ 9.41

A summary of stock option activity for the Director Plans is as follows:

	UGC Post-Founders Transaction		UGC Pre-Founders Transaction			
	Year Ended December 31, 2004		Year Ended December 31, 2003		Year Ended December 31, 2002	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding at beginning of year	920,000	\$ 10.66	1,080,000	\$ 9.65	1,110,416	\$ 10.37
Granted during the year	200,000	\$ 5.94	–	\$ –	200,000	\$ 4.13
Cancelled during the year	(130,000)	\$ 47.75	–	\$ –	(230,416)	\$ 8.33
Exercised during the year	(260,000)	\$ 3.94	(160,000)	\$ 3.88	–	\$ –
Outstanding at end of year	730,000	\$ 5.11	920,000	\$ 10.66	1,080,000	\$ 9.65
Exercisable at end of year	492,498	\$ 5.01	702,290	\$ 12.61	569,999	\$ 11.94

The combined weighted-average fair value and weighted-average exercise price of options granted under the Employee Plan and the Director Plans are as follows:

Exercise Price	UGC Post-Founders Transaction			UGC Pre-Founders Transaction		
	Year Ended December 31, 2004			Year Ended December 31, 2002		
	Number	Fair Value	Exercise Price	Number	Fair Value	Exercise Price
Less than market price	200,000	\$ 7.22	\$ 5.94	2,900,000	\$ 3.66	\$ 1.77
Equal to market price	–	\$ –	\$ –	–	\$ –	\$ –
Greater than market price	–	\$ –	\$ –	9,270,000	\$ 2.84	\$ 4.13
Total	200,000	\$ 7.22	\$ 5.94	12,170,000	\$ 3.04	\$ 3.57

The following table summarizes information about the Employee Plan and Director Plans stock options outstanding and exercisable:

Exercise Price Range	UGC Post-Founders Transaction				
	December 31, 2004				
	Options Outstanding			Options Exercisable	
	Number	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Number	Weighted-Average Exercise Price
\$3.29 – \$3.88	258,282	4.68	\$ 3.44	258,282	\$ 3.44
\$4.13	10,426,709	6.71	\$ 4.13	10,266,291	\$ 4.13
\$4.25 – \$67.51	2,914,038	4.41	\$ 19.08	2,836,954	\$ 19.39
\$85.63	12,000	5.23	\$ 85.63	12,000	\$ 85.63
Total	13,611,029	6.17	\$ 7.39	13,373,527	\$ 7.43

UPC Stock Option Plan

UPC adopted a stock option plan on June 13, 1996, as amended (the "UPC Plan"), for certain of its employees and those of its subsidiaries. As a result of UPC's reorganization under Chapter 11 of the U.S. Bankruptcy Code, the UPC Plan was cancelled.

Fair Value of Grants in 2003 and 2002

The fair value of options granted pursuant to the Employee Plan and Director Plans for the years ended December 31, 2003 and 2002 reported below has been estimated at the date of grant using the Black-Scholes single-option pricing model and the following weighted-average assumptions:

	UGC Pre-Founders Transaction	
	Year Ended December 31,	
	2003	2002
Risk-free interest rate	3.40%	4.62%
Expected lives	6 years	6 years
Expected volatility	100%	100%
Expected dividend yield	0%	0%

Based on the above assumptions, the total fair value of options granted was nil and \$47.6 million for the years ended December 31, 2003 and 2002, respectively.

Stock-Based Compensation Expense

The following table provides detail of our stock-based compensation expense (in thousands):

	UGC Post-Founders Transaction		UGC Pre-Founders Transaction	
	Year Ended December 31, 2004		Year Ended December 31,	
			2003	2002
Incentive Plan (SARs)	\$	50,291	\$	8,782
Employee Plan and Director Plans		65,827		–
UPC Plan, taxes and other		543		28,228
Total	\$	116,661	\$	38,024
			\$	28,228

As a result of the modification of certain terms of our stock options in connection with our February 2004 rights offering, we began accounting for stock options outstanding pursuant to the Employee Plan and Director Plans as variable-plan options. This stock-based compensation is reflected as an increase to additional paid-in capital in our consolidated statement of stockholders' equity, including certain tax benefits.

The accrued stock-based compensation expense related to the Incentive Plan SARs is reflected as a liability on our consolidated balance sheet, as follows (in thousands):

	UGC Post-Founders Transaction	UGC Pre-Founders Transaction
	December 31, 2004	December 31, 2003
Accrued stock-based compensation – current	\$ 25,385	\$ –
Accrued stock-based compensation – long-term	22,020	9,066
Total	\$ 47,405	\$ 9,066

17. Segment Information

Our European operations are currently organized into two principal divisions, UPC Broadband and chellomedia. UPC Broadband provides video, high-speed Internet access and telephone services to residential customers, and manages its business by country. chellomedia provides interactive digital products and services, operates a competitive local exchange carrier business providing telephone and data network solutions to the business market (Priority Telecom) and holds certain investments. In Latin America, we also have a broadband division that provides video, high-speed Internet access and telephone services primarily to residential customers, and manages its business by country. We evaluate performance and allocate resources based on the results of these segments. The key operating performance criteria used in this evaluation include revenue and Operating Cash Flow. Operating Cash Flow is the primary measure used by our chief operating decision makers to evaluate segment operating performance and to decide how to allocate resources to segments. As we use the term, Operating Cash Flow is defined as revenue less operating, selling, general and administrative expenses (excluding depreciation and amortization, impairment of long-lived assets, restructuring charges and other and stock-based compensation). We believe Operating Cash Flow is meaningful because it provides investors a means to evaluate the operating performance of our segments and our company on an ongoing basis using criteria that is used by our internal decision makers. Our internal decision makers believe Operating Cash Flow is a meaningful measure and is superior to other available GAAP measures because it represents a transparent view of our recurring operating performance and allows management to readily view operating trends, perform analytical comparisons and benchmarking between segments in the different countries in which we operate and identify strategies to improve operating performance. For example, our internal decision makers believe that the inclusion of impairment and restructuring charges within Operating Cash Flow distorts their ability to efficiently assess and view the core operating trends in our segments. In addition, our internal decision makers believe our measure of Operating Cash Flow is important because analysts and other investors use it to compare our performance to other companies in our industry. We reconcile the total of the reportable segments' Operating Cash Flow to our consolidated net income as presented in our consolidated statements of operations, because we believe consolidated net income is the most directly comparable financial measure to total segment operating performance. Investors should view Operating Cash Flow as a supplement to, and not a substitute for, operating income, net income, cash flow from operating activities and other GAAP measures of income as a measure of operating performance.

The following tables present our key performance measures (in thousands):

Revenue

	UGC Post-Founders Transaction	UGC Pre-Founders Transaction	
	Year Ended December 31, 2004	Year Ended December 31,	
		2003	2002
Europe:			
UPC Broadband			
The Netherlands	\$ 716,932	\$ 592,223	\$ 459,044
Austria	299,874	260,162	198,189
France (excluding Noos).	128,862	113,946	92,441
France (Noos)	183,930	—	—
Norway	112,378	95,284	76,430
Sweden	88,080	75,057	52,560
Belgium	37,472	31,586	24,646
Ireland	48,953	—	—
Total Western Europe.	1,616,481	1,168,258	903,310
Hungary	217,507	165,450	124,046
Poland	108,979	85,356	76,090
Czech Republic	79,905	63,348	44,337
Slovak Republic	32,671	25,467	18,852
Romania	26,955	20,189	16,119
Total Central and Eastern Europe	466,017	359,810	279,444
Germany	—	—	28,069
Corporate and other	26,273	32,563	35,139
Total UPC Broadband.	2,108,771	1,560,631	1,245,962
chellomedia			
Priority Telecom	118,956	121,330	112,637
Media	125,016	98,463	69,372
Investments	840	528	465
Total chellomedia	244,812	220,321	182,474
Intercompany eliminations	(138,983)	(127,055)	(108,695)
Total Europe	2,214,600	1,653,897	1,319,741
Latin America:			
Broadband			
Chile	299,951	229,835	186,426
Brazil, Peru and other	7,883	7,789	7,011
Total Latin America	307,834	237,624	193,437
Corporate and other	3,012	9	1,843
Total UGC	\$ 2,525,446	\$ 1,891,530	\$ 1,515,021

Operating Cash Flow

	UGC Post-Founders Transaction	UGC Pre-Founders Transaction	
	Year Ended December 31, 2004	Year Ended December 31, 2003	2002
Europe:			
UPC Broadband			
The Netherlands	\$ 361,265	\$ 267,075	\$ 119,329
Austria	111,950	98,278	64,662
France (excluding Noos).	12,905	13,920	(10,446)
France (Noos)	40,785	—	—
Norway	37,066	27,913	17,035
Sweden	33,421	31,827	15,904
Belgium	16,751	12,306	8,340
Ireland	11,795	—	—
Total Western Europe.	625,938	451,319	214,824
Hungary	86,418	63,357	41,487
Poland	36,315	24,886	15,794
Czech Republic	33,888	24,657	9,241
Slovak Republic	13,766	10,618	4,940
Romania	11,978	7,931	6,579
Total Central and Eastern Europe	182,365	131,449	78,041
Germany	—	—	12,562
Corporate and other	(83,604)	(46,091)	(25,727)
Total UPC Broadband	724,699	536,677	279,700
chellomedia			
Priority Telecom	17,183	14,530	(3,809)
Media	36,335	22,874	(4,851)
Investments	(502)	(1,033)	(374)
Total chellomedia	53,016	36,371	(9,034)
Total Europe	777,715	573,048	270,666
Latin America:			
Broadband			
Chile	108,752	69,951	41,959
Brazil, Peru and other	426	87	(2,345)
Total Latin America.	109,178	70,038	39,614
Corporate and other	(7,660)	(14,204)	(13,906)
Total UGC	\$ 879,233	\$ 628,882	\$ 296,374

The following table presents a reconciliation of total segment Operating Cash Flow to consolidated net income (loss) (in thousands):

	UGC Post-Founders Transaction	UGC Pre-Founders Transaction	
	Year Ended December 31, 2004	Year Ended December 31, 2003	2002
Total segment Operating Cash Flow	\$ 879,233	\$ 628,882	\$ 296,374
Depreciation and amortization	(935,185)	(808,663)	(730,001)
Impairment of long-lived assets	(38,915)	(402,239)	(436,153)
Restructuring charges and other	(29,019)	(35,970)	(1,274)
Stock-based compensation	(116,661)	(38,024)	(28,228)
Operating loss	(240,547)	(656,014)	(899,282)
Interest expense, net	(259,457)	(314,078)	(641,786)
Foreign currency transaction gains, net	26,753	153,808	485,938
Realized and unrealized (losses) gains on derivative instruments, net	(60,237)	(35,424)	138,398
Gains on extinguishment of debt	35,787	2,183,997	2,208,782
Gains on sale of investments and other, net	12,325	279,442	117,262
Other expense, net	(13,455)	(43,665)	(80,617)
Income (loss) before income taxes and other items	(498,831)	1,568,066	1,328,695
Income taxes and other	116,476	427,302	(340,427)
Income (loss) before cumulative effect of change in accounting principle	(382,355)	1,995,368	988,268
Cumulative effect of change in accounting principle, net of tax	—	—	(1,344,722)
Net income (loss)	\$ (382,355)	\$ 1,995,368	\$ (356,454)

The following tables present our investments in affiliates, long-lived assets and total assets by segment (in thousands):

	Investments in Affiliates		Long-Lived Assets		Total Assets	
	UGC Post-Founders Transaction	UGC Pre-Founders Transaction	UGC Post-Founders Transaction	UGC Pre-Founders Transaction	UGC Post-Founders Transaction	UGC Pre-Founders Transaction
	December 31,		December 31,		December 31,	
	2004	2003	2004	2003	2004	2003
Europe:						
UPC Broadband						
The Netherlands	\$ —	\$ 222	\$ 1,099,118	\$ 1,334,294	\$ 2,024,365	\$ 2,458,724
Austria	—	—	302,820	307,758	827,506	700,209
France (excluding Noos)	—	—	244,841	246,307	229,267	274,180
France (Noos)	—	—	821,033	—	969,105	—
Norway	—	—	215,391	219,651	267,018	280,528
Sweden	—	—	104,479	94,414	256,353	321,961
Belgium	—	—	22,875	22,596	110,653	88,725
Ireland	—	—	90,788	—	141,995	—
Total Western Europe	—	222	2,901,345	2,225,020	4,826,262	4,124,327
Hungary	—	1,708	281,859	249,515	532,961	541,139
Poland	11,797	15,049	132,492	118,586	199,750	302,216
Czech Republic	—	—	128,116	117,527	218,311	201,103
Slovak Republic.	—	—	34,862	35,697	65,403	67,027
Romania	—	—	16,127	15,235	40,317	42,503
Total Central and Eastern Europe	11,797	16,757	593,456	536,560	1,056,742	1,153,988
Corporate and other	—	65,279	161,177	14,154	663,780	409,286
Total UPC Broadband	11,797	82,258	3,655,978	2,775,734	6,546,784	5,687,601
chellomedia						
Priority Telecom	143	3,232	146,140	182,491	201,283	241,909
Media	310,383	2,257	25,132	43,578	768,706	232,527
Total chellomedia	310,526	5,489	171,272	226,069	969,989	474,436
Total Europe	322,323	87,747	3,827,250	3,001,803	7,516,773	6,162,037
Latin America:						
Broadband						
Chile	—	—	351,314	322,606	682,270	602,762
Brazil, Peru and other	4,263	3,522	8,473	9,584	16,059	18,388
Total Latin America	4,263	3,522	359,787	332,190	698,329	621,150
Corporate and other.	19,204	3,969	6,058	8,750	919,195	316,484
Total UGC	\$ 345,790	\$ 95,238	\$ 4,193,095	\$ 3,342,743	\$ 9,134,297	\$ 7,099,671

The following tables present our capital expenditures by segment (in thousands):

	Capital Expenditures		
	UGC Post-Founders Transaction	UGC Pre-Founders Transaction	
	Year Ended December 31, 2004	Year Ended December 31,	
		2003	2002
Europe:			
UPC Broadband			
The Netherlands	\$ (84,698)	\$ (63,451)	\$ (97,841)
Austria	(53,660)	(43,751)	(38,388)
France (excluding Noos)	(36,374)	(48,810)	(19,688)
France (Noos)	(29,061)	–	–
Norway	(20,676)	(9,714)	(7,050)
Sweden	(17,605)	(9,778)	(8,974)
Belgium	(5,961)	(3,473)	(2,884)
Ireland	(23,114)	–	–
Total Western Europe	(271,149)	(178,977)	(174,825)
Hungary	(39,833)	(23,004)	(16,659)
Poland	(13,591)	(8,476)	(4,464)
Czech Republic	(14,999)	(12,294)	(4,706)
Slovak Republic	(6,803)	(3,848)	(501)
Romania	(4,383)	(5,286)	(4,547)
Total Central and Eastern Europe	(79,609)	(52,908)	(30,877)
Germany	–	–	(3,357)
Corporate and other	(61,820)	(35,666)	(6,491)
Total UPC Broadband	(412,578)	(267,551)	(215,550)
chellomedia			
Priority Telecom	(18,635)	(16,727)	(30,658)
Media	(6,519)	(5,779)	(6,241)
Total chellomedia	(25,154)	(22,506)	(36,899)
Total Europe	(437,732)	(290,057)	(252,449)
Latin America:			
Broadband			
Chile	(41,685)	(41,391)	(80,006)
Brazil, Peru and other	(678)	(1,582)	(2,679)
Total Latin America	(42,363)	(42,973)	(82,685)
Corporate and other	(38)	(94)	(58)
Total UGC	\$ (480,133)	\$ (333,124)	\$ (335,192)

18. Impairment of Long-Lived Assets

The following table provides detail of our impairment of long-lived assets (in thousands):

	UGC Post-Founders Transaction	UGC Pre-Founders Transaction	
	Year Ended December 31, 2004	Year Ended December 31,	
		2003	2002
UPC Broadband	\$ (4,794)	\$ (395,686)	\$ (75,305)
Priority Telecom	(27,066)	(397)	(359,237)
Other	(7,055)	(6,156)	(1,611)
Total	\$ (38,915)	\$ (402,239)	\$ (436,153)

During the second quarter of 2004, we recorded an impairment of \$16.1 million on certain tangible fixed assets of our wholly owned subsidiary, Priority Telecom. The impairment assessment was triggered by competitive factors in 2004 that led to a greater than expected price erosion and the inability to reach forecasted market share. Fair value of the tangible assets was estimated using a discounted cash flow analysis, along with other available market data. In the fourth quarter of 2004, we recorded an impairment of \$11.0 million for certain tangible fixed assets in the Netherlands. In addition, during 2004 we recorded several minor impairments for long-lived assets that had no future service potential due to changes in management's plans.

During the fourth quarter of 2003, the following events took place that indicated the long-lived assets in our French asset group were potentially impaired: (i) we entered into preliminary discussions regarding the merger of our French assets into a new company, which indicated a potential decline in the fair value of these assets; (ii) we made downward revisions to the revenue and Operating Cash Flow projections for France in our long-range plan, due to actual results continuing to fall short of expectations; and (iii) we performed a fair value analysis of all the assets of UGC Europe in connection with the UGC Europe exchange offer that confirmed a decrease in fair value of our French assets. As a result, we determined a triggering event had occurred in the fourth quarter of 2003. We performed a cash flow analysis, which indicated the carrying amount of our long-lived assets in France exceeded the sum of the undiscounted cash flows expected to result from the use of these assets. Accordingly, we performed a discounted cash flow analysis (supported by the independent valuation from the UGC Europe exchange offer), and recorded an impairment of \$384.9 million and \$8.4 million for the difference between the fair value and the carrying amount of property and equipment and other long-lived assets, respectively. We also recorded a total of \$8.9 million for other impairments in 2003.

Based on our annual impairment test as of December 31, 2002 in accordance with SFAS 142, we recorded an impairment charge of \$344.8 million and \$18.0 million on goodwill related to Priority Telecom and UPC Romania, respectively. In addition, we wrote off other tangible assets in The Netherlands, Norway, France, Poland, Slovak Republic, Czech Republic and Priority Telecom amounting to \$73.4 million for the year ended December 31, 2002.

19. Restructuring Charges and Other

Restructuring Charges

The following table provides detail of our restructuring liabilities (in thousands):

	Employee Severance and Termination	Office Closures	Programming and Lease Contract Termination	Other	Total
Restructuring liabilities as of December 31, 2001	\$ 33,565	\$ 9,956	\$ 91,207	\$ 14,504	\$ 149,232
Restructuring charges (credits)	13,675	7,884	(32,035)	11,750	1,274
Cash paid and other releases	(30,944)	(4,622)	(32,231)	(24,449)	(92,246)
Foreign currency translation adjustments	3,133	978	9,920	2,590	16,621
Restructuring liabilities as of December 31, 2002	19,429	14,196	36,861	4,395	74,881
Restructuring charges (credits)	177	7,506	—	(605)	7,078
Cash paid and other releases	(13,628)	(5,934)	(5,981)	(1,991)	(27,534)
Cumulative translation adjustments	2,427	1,053	3,519	643	7,642
Restructuring liabilities as of December 31, 2003 (UGC Pre-Founders Transaction)	\$ 8,405	\$ 16,821	\$ 34,399	\$ 2,442	\$ 62,067
Restructuring charges	\$ 8,176	\$ 16,862	\$ —	\$ 794	\$ 25,832
Cash paid and other releases	(6,938)	(5,741)	(7,566)	(1,057)	(21,302)
Cumulative translation adjustments	980	1,983	3,695	(657)	6,001
Restructuring liabilities as of December 31, 2004 (UGC Post-Founders Transaction)	\$ 10,623	\$ 29,925	\$ 30,528	\$ 1,522	\$ 72,598
Short-term portion (other current liabilities)	\$ 4,973	\$ 5,271	\$ 3,817	\$ 345	\$ 14,406
Long-term portion (other long-term liabilities)	5,650	24,654	26,711	1,177	58,192
Total	\$ 10,623	\$ 29,925	\$ 30,528	\$ 1,522	\$ 72,598

In May and September 2004, our Netherlands operations recorded an aggregate charge of \$5.7 million for severance benefits as a result of a restructuring plan to change its management structure from a three-region model to a centralized management organization, eliminating certain redundancies and vacating an office lease. In December 2004, our Netherlands operations changed its estimate regarding the timing and amount of sub-lease income related to a restructuring plan that was finalized in 2001. While the office space under lease remains vacated we have been unable to sub-lease this space and cannot predict that we will be able to for the foreseeable future. Accordingly, the restructuring liability has been adjusted by approximately \$16.0 million to reflect our best estimate regarding future sub-lease income for the vacated property. The remaining \$4.2 million of restructuring charges in 2004 related to various redundancy eliminations and other streamlining efforts at chellomedia and Priority Telecom.

In 2002 and 2003, UPC Broadband and chellomedia implemented various restructuring plans to both lower operating expenses and strengthen its competitive and financial position. This included eliminating certain employee positions, reducing office space and related overhead expenses, rationalization of certain corporate assets, recognizing losses related to excess capacity under certain contracts and canceling certain programming contracts. The total workforce reduction was effected through attrition, involuntary terminations and reorganization of UPC's operations to permanently eliminate open positions resulting from normal employee attrition. In 2002 the restructuring liability was adjusted to reflect changes in estimates from new sub-leases, favorable programming negotiations and other.

Other Charges

In January 2004, our Chief Executive Officer resigned and received certain benefits totaling \$3.2 million. In 2003, we recorded a \$6.0 million provision for the future settlement of litigation related to our Polish DTH business and a \$16.2 million provision for the future settlement of litigation with our partner in France. In December 2003, UGC Europe incurred costs related to the UGC Europe exchange offer and merger totaling \$6.7 million.

20. Gains on Sale of Investments in Affiliates and Other

The following table provides detail of our gains on sale of investments in affiliates and other assets (in thousands):

	UGC Post-Founders Transaction	UGC Pre-Founders Transaction
	Year Ended December 31, 2004	Year Ended December 31, 2003
		2002
Telenet restructuring.	\$ 10,517	\$ –
UAP transaction	–	284,702
UPC Germany transaction	–	147,925
Other.	1,808	(5,260)
Total	\$ 12,325	\$ 279,442
		\$ 117,262

On March 29, 2002, our indirect 50.0% owned affiliate, United Australia/Pacific, Inc. ("UAP"), filed a voluntary petition for reorganization under Chapter 11 of the United States Bankruptcy Code in the U.S. Bankruptcy Court. On March 18, 2003, the U.S. Bankruptcy Court entered an order confirming UAP's plan of reorganization (the "UAP Plan"). The UAP Plan became effective in April 2003, and the UAP bankruptcy proceeding was completed in June 2003. Upon consummation of the UAP Plan, we recognized \$284.7 million for our proportionate share of UAP's gain from this transaction, reflected in share in results of affiliates in the accompanying consolidated statement of operations. In addition, we recognized a gain of \$284.7 million associated with the sale of our indirect approximate 49.99% interest in UAP that occurred on November 15, 2001.

We consolidated the financial results of UPC Germany prior to August 2002, as we held an indirect approximate 51% majority voting equity interest. At the end of July 2002, our ownership interest in UPC Germany was reduced from approximately 51% to approximately 29% as a result of a pre-existing call right held by the minority shareholder, which became exercisable in February 2002 as a result of certain events of default under several of our debt agreements. For accounting purposes, this transaction resulted in the deconsolidation of UPC Germany effective August 1, 2002 and recognition of a gain from the reversal of the net negative investment in UPC Germany of €150.3 million (\$147.9 million).

21. Income Taxes

The significant components of our consolidated deferred tax assets and liabilities are as follows (in thousands):

	UGC Post-Founders Transaction	UGC Pre-Founders Transaction
	December 31, 2004	December 31, 2003
Deferred tax assets:		
Tax net operating loss carryforward of consolidated foreign subsidiaries	\$ 1,762,839	\$ 1,017,895
Property and equipment, net	556,507	310,657
Investment valuation allowance and other	66,862	33,619
Intangible assets, net	44,303	20,701
Deferred compensation and severance	29,045	—
Accrued interest expense	1,132	20,985
U.S. tax net operating loss carryforward	—	9,258
Other	60,237	48,743
Total deferred tax assets	2,520,925	1,461,858
Valuation allowance	(2,281,253)	(1,331,778)
Deferred tax assets, net of valuation allowance	239,672	130,080
Deferred tax liabilities:		
Intangible assets	(102,199)	(82,679)
Property and equipment	(39,051)	—
Unrealized gains on investments	(25,287)	—
Unrealized foreign currency gain	(5,203)	—
Cancellation of debt income	—	(110,583)
Other	(30,877)	(25,937)
Total deferred tax liabilities	(202,617)	(219,199)
Deferred tax assets (liabilities), net	\$ 37,055	\$ (89,119)

	UGC Post-Founders Transaction	UGC Pre-Founders Transaction
	December 31, 2004	December 31, 2003
Current deferred tax assets	\$ 23,566	\$ 13,132
Non-current deferred tax assets	47,232	21,981
Current deferred tax liabilities	(1,208)	–
Non-current deferred tax liabilities	(32,535)	(124,232)
Deferred tax assets (liabilities), net	\$ 37,055	\$ (89,119)

Our deferred income tax valuation allowance increased \$949.5 million in 2004, including a \$22.1 million charge to tax expense, with the remaining net increase resulting from acquisitions, foreign currency translation adjustments and other. Approximately \$546.0 million of the valuation allowance recorded as of December 31, 2004 was attributable to deferred tax assets for which any subsequently recognized tax benefits will be allocated to reduce goodwill related to various business combinations. The difference between income tax expense (benefit) provided in the accompanying consolidated financial statements and the expected income tax expense (benefit) at statutory rates is reconciled as follows (in thousands):

	UGC Post-Founders Transaction	UGC Pre-Founders Transaction	
	Year Ended December 31, 2004	Year Ended December 31,	
		2003	2002
Expected income tax expense (benefit) of pre-tax income excluding minority interest at the U.S. statutory rate of 35%	\$ (170,283)	\$ 651,886	\$ 439,794
Tax effect of permanent and other differences:			
Enacted tax law changes, case law and rate changes	149,294	(92,584)	–
Gain on extinguishment of debt	(107,863)	–	(728,754)
Gain or loss on sale of investments, affiliates and other assets, net	(78,693)	(232,857)	(51,774)
Non-deductible interest and other expenses	58,347	10,550	237,037
Non-deductible or taxable foreign currency exchange results	36,575	(3,595)	(104,598)
Change in valuation allowance	22,131	(516,810)	173,604
Non-taxable investment income or loss	(20,481)	–	–
Revenue for tax not for book	19,739	75,308	–
International rate differences	(6,511)	(5,857)	58,407
State tax, net of federal benefit	(3,587)	7,193	42,118
Tax ruling regarding UPC reorganization	–	107,922	–
Financial instruments	–	15,280	95,178
Other, net	227	33,908	40,170
Total income tax (benefit) expense	\$ (101,105)	\$ 50,344	\$ 201,182

Income tax expense (benefit) consists of the following (in thousands):

	UGC Post-Founders Transaction		UGC Pre-Founders Transaction	
	Year Ended December 31, 2004		Year Ended December 31,	
			2003	2002
Current:				
U.S. Federal	\$	17,612	\$ 60,912	\$ 78,950
State and local		4,554	9,936	12,572
Foreign jurisdiction		7,247	2,916	5,592
		29,413	73,764	97,114
Deferred:				
U.S. Federal	\$	(119,416)	\$ 1,864	\$ 83,597
State and local		(16,470)	257	11,530
Foreign jurisdiction		5,368	(25,541)	8,941
		(130,518)	(23,420)	104,068
Income tax expense (benefit)	\$	(101,105)	\$ 50,344	\$ 201,182

The significant components of our foreign tax loss carryforwards and related deferred tax asset are as follows (in thousands):

Country	Tax Loss Carryforward	Tax Asset	Expiration Date
France	\$ 2,425,612	\$ 835,138	Indefinite
The Netherlands	1,910,476	574,542	Indefinite
Ireland	293,686	36,711	Indefinite
Austria	249,025	62,257	Indefinite
Luxembourg	243,936	74,108	Indefinite
Chile	241,232	41,009	Indefinite
Norway	117,856	33,000	2007-2012
Poland	69,901	13,281	2005-2008
Other	401,906	92,793	Various
Total	\$ 5,953,630	\$ 1,762,839	

Our tax loss carryforwards in the Netherlands are associated with various different tax groups, which are limited in the ability to offset taxable income of our Dutch tax groups. We intend to indefinitely reinvest earnings from certain foreign operations except to the extent the earnings are subject to current U.S. income taxes. Accordingly, U.S. and non-U.S. income and withholding taxes for which a deferred tax might otherwise be required have not been provided on a cumulative amount of temporary differences (including, for this purpose, any difference between the tax basis in stock of a consolidated subsidiary and the amount of the subsidiary's net equity determined for financial reporting purposes) related to investments in foreign subsidiaries are estimated to be approximately \$2.7 billion at December 31, 2004. The determination of the additional U.S. and non-U.S. income and withholding tax that would arise upon

a reversal of the temporary differences is subject to offset by available foreign tax credits, subject to certain limitations, and it is impractical to estimate the amount of income and withholding tax that might be payable.

Because we do business in foreign countries and have a controlling interest in most of our subsidiaries, such subsidiaries are considered to be "controlled foreign corporations" ("CFC") under U.S. tax law. In general, our pro rata share of certain income earned by these subsidiaries that are CFCs during a taxable year when such subsidiaries have positive current or accumulated earnings and profits will be included in our income to the extent of the earnings and profits when the income is earned, regardless of whether the income is distributed to us. The income, often referred to as "Subpart F income," generally includes, but is not limited to, such items as interest, dividends, royalties, gains from the disposition of certain property, certain exchange gains in excess of exchange losses, and certain related party sales and services income. In addition, a U.S. corporation that is a shareholder in a CFC may be required to include in its income its pro rata share of the CFC's increase in the average adjusted tax basis of any investment in U.S. property held by a wholly or majority owned CFC to the extent that the CFC has positive current or accumulated earnings and profits. This is the case even though the U.S. corporation may not have received any actual cash distributions from the CFC. Although we intend to take reasonable tax planning measures to limit our tax exposure, there can be no assurance we will be able to do so.

In general, a U.S. corporation may claim a foreign tax credit against its U.S. federal income tax expense for foreign income taxes paid or accrued. A U.S. corporation may also claim a credit for foreign income taxes paid or accrued on the earnings of a foreign corporation paid to the U.S. corporation as a dividend. Our ability to claim a foreign tax credit for dividends received from our foreign subsidiaries or foreign taxes paid or accrued is subject to various significant limitations under U.S. tax laws including a limited carry back and carry forward period. Some of our operating companies are located in countries with which the United States does not have income tax treaties. Because we lack treaty protection in these countries, we may be subject to high rates of withholding taxes on distributions and other payments from these operating companies and may be subject to double taxation on our income. Limitations on the ability to claim a foreign tax credit, lack of treaty protection in some countries, and the inability to offset losses in one foreign jurisdiction against income earned in another foreign jurisdiction could result in a high effective U.S. federal tax rate on our earnings. Since substantially all of our revenue is generated abroad, including in jurisdictions that do not have tax treaties with the U.S., these risks are proportionately greater for us than for companies that generate most of their revenue in the U.S. or in jurisdictions that have these treaties.

Through our subsidiaries, we maintain a presence in many foreign countries. Many of these countries maintain tax regimes that differ significantly from the system of income taxation used in the United States. We have accounted for the effect of foreign taxes based on what we believe is reasonably expected to apply to us and our subsidiaries based on tax laws currently in effect and/or reasonable interpretations of these laws. Because some foreign jurisdictions do not have systems of taxation that are as well established as the system of income taxation used in the United States or tax regimes used in other major industrialized countries, it may be difficult to anticipate how foreign jurisdictions will tax our and our subsidiaries' current and future operations.

22. Earnings Per Share

Basic earnings (loss) per common share is computed by dividing net earnings (loss) (as adjusted for certain equity transactions) by the weighted average number of common shares outstanding for the period (as adjusted for the February 2004 rights offering). Diluted earnings (loss) per common share presents the dilutive effect on a per share basis of potential common shares (e.g. options and convertible securities) as if they had been converted at the beginning of the periods presented. The following table provides detail of our basic and diluted earnings per share calculations (amounts in thousands, except share amounts):

	UGC Post-Founders Transaction		UGC Pre-Founders Transaction	
	Year Ended December 31, 2004		Year Ended December 31,	
		2003		2002
Numerator (Basic):				
Income (loss) before cumulative effect of change in accounting principle	\$ (382,355)	\$ 1,995,368	\$	988,268
Gain on issuance of Class A common stock for subsidiary preference shares	–	1,423,102		–
Equity transactions of subsidiaries	–	6,555		–
Accrual of dividends on Series B convertible preferred stock	–	–		(156)
Accrual of dividends on Series C convertible preferred stock	–	–		(2,397)
Accrual of dividends on Series D convertible preferred stock	–	–		(1,621)
Basic income (loss) attributable to common stockholders before cumulative effect of change in accounting principle	(382,355)	3,425,025		984,094
Cumulative effect of change in accounting principle	–	–		(1,344,722)
Basic net income (loss) attributable to common stockholders	\$ (382,355)	\$ 3,425,025	\$	(360,628)
Denominator (Basic):				
Basic weighted-average number of common shares outstanding, before adjustment	757,740,181	418,874,941		390,087,623
Adjustment for rights offering in February 2004	8,970,535	43,149,291		40,183,842
Basic weighted-average number of common shares outstanding	766,710,716	462,024,232		430,271,465

Numerator (Diluted):						
Income (loss) before cumulative effect of change in accounting principle	\$	(382,355)	\$	1,995,368	\$	988,268
Gain on issuance of Class A common stock for subsidiary preference shares		–		1,423,102		–
Equity transactions of subsidiaries		–		6,555		–
Accrual of dividends on Series C convertible preferred stock		–		–		(2,397)
Accrual of dividends on Series D convertible preferred stock		–		–		(1,621)
Diluted income (loss) attributable to common stockholders before cumulative effect of change in accounting principle		(382,355)		3,425,025		984,250
Cumulative effect of change in accounting principle		–		–		(1,344,722)
Diluted net income (loss) attributable to common stockholders	\$	(382,355)	\$	3,425,025	\$	(360,472)

Denominator (Diluted):			
Basic weighted-average number of common shares outstanding, as adjusted	766,710,716	462,024,232	430,271,465
Incremental shares attributable to the assumed exercise of outstanding stock appreciation rights	–	109,544	–
Incremental shares attributable to the assumed exercise of contingency issuable shares	–	92,470	–
Incremental shares attributable to the assumed exercise of outstanding options (treasury stock method)	–	220,115	9,701(1)
Incremental shares attributable to the assumed conversion of Series B convertible preferred stock	–	–	224,256(1)
Diluted weighted-average number of common shares outstanding	766,710,716	462,446,361	430,505,422

Common shares that could potentially dilute Basic EPS in the future that were not included in the computation of diluted EPS because their inclusion would be anti-dilutive:

	UGC Post-Founders Transaction	UGC Pre-Founders Transaction	
	Year Ended December 31, 2004	Year Ended December 31,	
		2003	2002
UGC Convertible Notes	37,807,368	–	–
Stock Options	5,439,990	3,113,547	15,006,620
Contingency issuable shares	141,873	–	–
Series C & D Convertible preferred stock	–	–	1,564,005

23. Supplemental Cash Flow Disclosures

The following table provides certain supplemental cash flow disclosures (in thousands):

	UGC Post-Founders Transaction	UGC Pre-Founders Transaction	
	Year Ended December 31, 2004	Year Ended December 31,	
		2003	2002
Supplemental Cash Flow Disclosures			
Cash paid for interest	\$ 274,835	\$ 185,591	\$ 304,274
Cash paid (received) for income taxes, net	\$ (1,756)	\$ 1,947	\$ 14,260
Non-Cash Investing and Financing Activities			
Issuance of common stock for financial assets, settlement of liabilities and other	\$ 36,574	\$ 966,362	\$ –
Issuance of common stock for acquisitions	\$ 2,918	\$ 1,326,847	\$ 1,206,441

24. Related Party Transactions

Loans to Officers and Directors

In 2000 and 2001, Old UGC made loans through a subsidiary to Michael T. Fries, Mark L. Schneider and John F. Riordan, each of whom at the time was a director or an executive officer of Old UGC. The loans totaled approximately \$16.6 million. Each loan was secured by certain outstanding stock options and phantom stock options issued by Old UGC and its subsidiaries to the borrower, and certain of the loans were also secured by common stock of Old UGC and its subsidiaries held by the borrower. On January 22, 2003, we notified Mr. Fries and Mr. Schneider of foreclosure on all of the collateral securing the loans, which loans had an outstanding balance on such date, including interest, of approximately

\$8.8 million. Our board of directors authorized payment to Mr. Fries and Mr. Schneider a bonus in the aggregate amount of approximately \$1.7 million to pay the taxes resulting from the foreclosure and the bonus. On January 6, 2004, we notified Mr. Riordan of foreclosure on all of the collateral securing his loans, which loans had an outstanding balance on such date, including interest, of approximately \$10.1 million.

Merger Transaction Loans

When Old UGC issued shares of its Series E preferred stock to the Principal Founders in connection with the merger transaction with LMC in January 2002, each of the Principal Founders delivered a full-recourse promissory note to Old UGC in the amount of \$748,500 in partial payment of their subscriptions for the Series E preferred stock. This amount was recorded as a reduction of additional paid-in-capital in the 2002 consolidated statement of stockholders' equity. The loans evidenced by these promissory notes bear interest at 6.5% per annum and are due and payable on demand on or after January 30, 2003, or on January 30, 2007 if no demand has been made by then. In December 2004, Albert M. Carollo (one of the Principal Founders and a former Director of the Company) repaid his note in full. As of December 31, 2004, the aggregate outstanding balance of the three remaining loans, including accrued interest, was \$2.7 million.

chello broadband Loan to Mark L. Schneider

In 1999, chello broadband loaned Mr. Schneider €2,268,901 so that he could acquire certificates evidencing the economic value of stock options granted to Mr. Schneider in 1999 for chello broadband ordinary shares B. This recourse loan became due and payable in August 2004, at which time the outstanding loan balance was €381,112. Effective December 31, 2004, Mr. Schneider entered into a settlement agreement with us and our subsidiary chello broadband. Pursuant to such agreement, Mr. Schneider returned certain shares of chello broadband that were purchased with the proceeds of the loan and we paid to Mr. Schneider approximately \$208,350, which represented the after tax proceeds due to Mr. Schneider from the exercise by him of certain stock appreciation rights in October 2004, plus certain other unreimbursed expenses. Mr. Schneider and we have mutually released each other from all claims related to the matters addressed in the settlement agreement, including certain disputes relating to the amounts owed under the loan and the application of our Tax Equalization Policy to Mr. Schneider.

Gene W. Schneider Life Insurance

In 2001, Old UGC's board of directors approved a "split-dollar" policy on the lives of Gene W. Schneider and his spouse for \$30 million. Old UGC's board of directors believed that this policy was a reasonable addition to Mr. Schneider's compensation package in view of his many years of service to the Company. Initially, Old UGC agreed to pay an annual premium of approximately \$1.8 million for this policy, which has a roll-out period of approximately 15 years. Following the enactment of the Sarbanes-Oxley Act of 2002, no additional premiums have been paid by Old UGC. The policy is being continued by payments made out of the cash surrender value of the policy. The Gene W. Schneider Trust is the sole owner and beneficiary of the policy, but has assigned to Old UGC policy benefits in the amount of premiums

previously paid by Old UGC. Upon termination of the policy, Old UGC will recoup the premiums that it has paid.

Other Related Party Transactions

The following tables provide detail of our other related party transactions (in thousands):

	UGC Post-Founders Transaction		UGC Pre-Founders Transaction			
	December 31, 2004		December 31, 2003			
Related party receivables:						
Management and advisory fees	\$	2,118	\$	1,693		
Advertising and promotions		74		408		
Call center services		2,441		—		
License fees and uplink services		1,233		3		
Total	\$	5,866	\$	2,104		
Related party payables:						
Programming costs	\$	3,737	\$	4,457		
Interest		1,208		1,373		
IRU lease		736		644		
Total	\$	5,681	\$	6,474		
	UGC Post-Founders Transaction		UGC Pre-Founders Transaction			
	Year Ended December 31, 2004		Year Ended December 31,			
			2003	2002		
Related party revenue:						
Management and advisory fees	\$	3,852	\$	1,563	\$	1,912
Advertising and promotions		71		347		95
Call center services		2,704		—		2,126
License fees and uplink services		1,741		1,512		863
Other		—		—		87
Total	\$	8,368	\$	3,422	\$	5,083
Related party operating expense:						
Programming costs	\$	(16,636)	\$	(15,656)	\$	(12,339)
Interconnect fees		(3,777)		(1,744)		(1,308)
Total	\$	(20,413)	\$	(17,400)	\$	(13,647)
Related party interest income on notes receivable	\$	1,452	\$	985	\$	2,722
Related party interest expense on notes payable.	\$	(1,128)	\$	(8,218)	\$	(24,805)

Included in receivables are charges to our non-controlled affiliates for advertising, marketing and promotions, trademark licensing fees, satellite uplink fees and services provided by our call center. We also charge management fees and other advisory fees to our non-controlled affiliates and provide technical assistance and other services to LMI.

Included in accounts payable are programming costs payable to our non-controlled affiliates and LMI's subsidiaries and affiliates. We also pay interconnect fees to Neuf Telecom, a non-controlled affiliate provider of Internet and data products.

We earned interest income on related party loans and receivables, and we incurred interest expense on related party loans payable to LMI (from the Chorus transaction) and LMC (prior to the spin off transaction).

25. Selected Quarterly Financial Data (Unaudited)

The following table presents selected unaudited operating results for each of the last eight quarters through December 31, 2004. We believe that all necessary adjustments have been included in the amounts stated to present fairly the quarterly results when read in conjunction with our consolidated financial statements and related notes included elsewhere herein. Results of operations for any particular quarter are not necessarily indicative of results of operations for a full year or predictive of future periods. The amounts for the second and third quarter of 2004 have been restated to give effect to the acquisition of Chorus from LMI. We accounted for this acquisition as a transaction among entities under common control at historical cost, similar to a pooling of interests.

	Three Months Ended			
	March 31, 2004	June 30, 2004	September 30, 2004	December 31, 2004
(In thousands, except share and per share amounts)				
Revenue	\$ 547,342	\$ 551,671	\$ 678,586	\$ 747,847
Operating loss	\$ (79,676)	\$ (32,276)	\$ (10,240)	\$ (118,355)
Net income (loss)	\$ (149,665)	\$ (96,479)	\$ (73,421)	\$ (62,790)
Earnings per share:				
Basic earnings (loss) per share	\$ (0.21)	\$ (0.12)	\$ (0.09)	\$ (0.08)
Diluted earnings (loss) per share	\$ (0.21)	\$ (0.12)	\$ (0.09)	\$ (0.08)
Weighted-average number of common shares outstanding:				
Basic	714,078,451	784,291,487	784,078,225	784,788,716
Diluted	714,078,451	784,291,487	784,078,225	784,788,716

Three Months Ended

	March 31, 2003	June 30, 2003	September 30, 2003	December 31, 2003
(In thousands, except share and per share amounts)				
Revenue	\$ 436,042	\$ 465,109	\$ 474,515	\$ 515,864
Operating loss	\$ (78,758)	\$ (77,235)	\$ (34,438)	\$ (465,583)
Net income (loss)	\$ 16,939	\$ 622,014	\$ 1,737,109	\$ (380,694)
Earnings per share:				
Basic earnings (loss) per share	\$ 1.37	\$ 3.13	\$ 3.80	\$ (0.81)
Diluted earnings (loss) per share	\$ 1.37	\$ 3.13	\$ 3.79	\$ (0.81)
Weighted-average number of common shares outstanding:				
Basic	456,603,832	458,481,267	458,762,705	472,086,748
Diluted	456,607,577	458,502,657	460,319,790	472,086,748

26. Subsequent Events

Zone Vision

In January 2005, chellomedia acquired an 87.5% interest in Zone Vision Networks Ltd. ("Zone Vision") from its current shareholders. Zone Vision is a programming company that owns three pay television channels and represents over 30 international channels. The consideration for the transaction consisted of \$50.0 million in cash and 1.6 million shares of our Class A common stock, which are subject to a five-year vesting period. As part of the transaction, chellomedia will contribute to Zone Vision the 49% interest it already holds in Reality TV Ltd. and chellomedia's Club channel business. Zone Vision's minority shareholders have the right to put 60% of their 12.5% shareholding to chellomedia on the third anniversary of closing, and 100% of their shareholding on the fifth anniversary of closing—chellomedia has corresponding call rights. The price payable upon exercise of the put or call will be the then fair market value of the shareholdings purchased.

Telemach

On February 10, 2005, UPC Broadband Holding, our wholly owned subsidiary, acquired 100% of the shares in Telemach d.o.o., a broadband communications provider in Slovenia, for cash consideration of approximately \$89.4 million.

UPC Broadband Bank Facility

On March 8, 2005, the UPC Broadband Bank Facility was amended to permit indebtedness under: (i) a new €1.0 billion term loan facility ("Facility G") maturing in full on April 1, 2010; (ii) a new €1.5 billion term loan facility ("Facility H") maturing in full on September 1, 2012, of which \$1.25 billion was denominated in U.S. dollars and then swapped into euros through a 7.5 year cross-currency swap; and (iii) a €500 million revolving credit facility ("Facility I") maturing in full on April 1, 2010. In connection

with this amendment, €167 million of the existing revolving credit facility ("Facility A") was cancelled, reducing Facility A to a maximum amount of €500 million. The proceeds from Facilities G and H were used primarily to prepay all amounts outstanding under existing term loan facilities B, C and E, fund certain acquisitions and pay transaction fees. The aggregate availability of €1.0 billion under Facilities A and I can be used to fund acquisitions and for general corporate purposes. As a result of this amendment, the weighted average maturity of the UPC Broadband Bank Facility was extended from approximately 4 years to approximately 6 years, with no amortization payments required until 2010, and the weighted average interest margin on the facility was reduced by approximately 0.25% per annum. The amendment also provided for additional flexibility on certain covenants and the funding of acquisitions.

EWT Holding GmbH

In December 2004, a subsidiary of chellomedia BV entered into an agreement to sell its 28.7% interest in EWT Holding GmbH to the other investors in EWT Holding for €30.0 (\$40.9) million in cash. chellomedia received 90% of the purchase price on January 31, 2005 and the remaining 10% is due and payable no later than June 30, 2005.

MovieCo Settlement

On December 3, 2002, Europe Movieco Partners Limited ("MovieCo") filed a request for arbitration against UPC with the International Court of Arbitration of the International Chamber of Commerce. The request contained claims that were based on a cable affiliation agreement entered into between the parties on December 21, 1999. In the proceedings, Movieco claimed (1) unpaid license fees due under the affiliation agreement, plus interest, (2) an order for specific performance of the affiliation agreement or, in the alternative, damages for breach of that agreement, and (3) legal and arbitration costs plus interest. On January 13, 2005, the Arbitral Tribunal rendered an award in which Movieco's claim for the unpaid license fees as described above was sustained and determined that UPC must pay \$39.3 million of unpaid license fees, plus interest and legal fees of GBP 1.5 million. The total amount of accrued but unpaid license fees, interest and legal fees in our consolidated financial statements as of December 31, 2004 related to this award was \$49.3 million. This amount was paid during the first quarter of 2005. All other claims and counterclaims were dismissed.

UnitedGlobalCom, Inc.
PARENT ONLY
SCHEDULE I
Condensed Financial Position of Registrant
(In thousands, except par value and number of shares)

	UGC Post-Founders Transaction	UGC Pre-Founders Transaction
	December 31, 2004	December 31, 2003
Assets		
Current assets:		
Cash and cash equivalents	\$ 535,424	\$ 27,347
Restricted cash	346	348
Short-term liquid investments	43,652	–
Receivables	273,639	128,886
Other current assets, net	5,203	8,168
	<hr/>	<hr/>
Total current assets	858,264	164,749
Long-term assets:		
Investments in affiliates, accounted for using the equity method, net	2,412,936	1,787,847
Property and equipment, net	30	8
Other assets, net	97,765	9,328
	<hr/>	<hr/>
Total assets	\$ 3,368,995	\$ 1,961,932
	<hr/>	<hr/>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 38,710	\$ 52,129
Accrued liabilities	6,083	2,867
Notes payable, related party	17,617	305,205
Other current liabilities	9,262	–
	<hr/>	<hr/>
Total current liabilities	71,672	360,201
Long-term liabilities:		
Long-term portion of debt	681,850	–
Deferred income taxes	84,919	4,033
Other long-term liabilities	134,611	125,206
	<hr/>	<hr/>
Total liabilities	973,052	489,440
	<hr/>	<hr/>
Stockholders' equity:		
Preferred stock, \$0.01 par value, 10,000,000 shares authorized, nil shares issued and outstanding	–	–
Class A common stock, \$0.01 par value, 1,000,000,000 shares authorized, 413,206,357 and 287,350,970 shares issued, respectively	4,132	2,873
Class B common stock, \$0.01 par value, 1,000,000,000 shares authorized, 11,165,777 and 8,870,332 shares issued, respectively	112	89
Class C common stock, \$0.01 par value, 400,000,000 shares authorized, 379,603,223 and 303,123,542 shares issued and outstanding, respectively	3,796	3,031
Additional paid-in capital	2,624,159	5,852,896
Deferred compensation	(1,851)	–
Treasury stock, at cost	(75,844)	(70,495)
Accumulated deficit.	(382,355)	(3,372,737)
Accumulated other comprehensive income (loss)	223,794	(943,165)
	<hr/>	<hr/>
Total stockholders' equity	2,395,943	1,472,492
	<hr/>	<hr/>
Total liabilities and stockholders' equity	\$ 3,368,995	\$ 1,961,932
	<hr/>	<hr/>

UnitedGlobalCom, Inc.
PARENT ONLY
SCHEDULE I
Condensed Information as to the Operations of Registrant
(In thousands)

	UGC Post-Founders Transaction	UGC Pre-Founders Transaction	
	Year Ended December 31, 2004	Year Ended December 31,	
		2003	2002
Revenue	\$ 12	\$ –	\$ 900
Operating costs and expenses:			
Selling, general and administrative	(12,080)	(10,346)	(10,126)
Depreciation and amortization	(8)	–	–
Restructuring charges and other	(3,187)	–	–
Stock-based compensation	(75,470)	(1,825)	–
Operating income (loss)	(90,733)	(12,171)	(9,226)
Interest income	62,677	67,417	306,770
Interest expense	(12,439)	(35,901)	(32,150)
Foreign currency transaction gains, net	(50,164)	–	–
Gains on sale of investments and other, net	(8)	(1)	–
Gains on extinguishment of debt	–	54,738	–
Other income (expense), net	(2,091)	5,451	(5,442)
Income (loss) before income taxes and other items	(92,758)	79,533	259,952
Income tax benefit (expense), net	131,170	(50,067)	(61,159)
Share in results of affiliates, net	(420,767)	1,965,902	(555,247)
Net income (loss)	\$ (382,355)	\$ 1,995,368	\$ (356,454)

UnitedGlobalCom, Inc.
PARENT ONLY
SCHEDULE I
Condensed Information as to the Cash Flow of Registrant
(In thousands)

	UGC Post-Founders Transaction	UGC Pre-Founders Transaction	
	Year Ended December 31, 2004	Year Ended December 31,	
		2003	2002
Cash Flows from Operating Activities			
Net income (loss)	\$ (382,355)	\$ 1,995,368	\$ (356,454)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:			
Restructuring charges and other	3,187	–	–
Stock-based compensation	65,827	1,825	–
Accretion of interest on senior notes and amortization of deferred financing costs	1,387	–	–
Unrealized foreign currency transaction losses (gains), net	77,500	–	–
Gain on extinguishment of debt	–	(54,738)	–
Deferred income tax (benefit) expense, net	(135,886)	1,792	–
Share in results of affiliates, net	420,767	(1,965,902)	555,247
Change in assets and liabilities:			
Change in receivables and other assets	(208,199)	20,760	(4,369)
Change in accounts payable, accrued liabilities and other	86,583	3,833	(103,683)
Net cash flows from operating activities	(71,189)	2,938	90,741
Cash Flows from Investing Activities			
Capital expenditures	(30)	(8)	–
Purchase of short-term liquid investments	(255,060)	–	(31,897)
Proceeds from sale of short-term liquid investments	211,405	24,939	6,957
Restricted cash released (deposited), net	2	149	(497)
Investments in affiliates and other investments	(1,067,027)	(14,841)	(165,810)
Other	–	–	(65,820)
Net cash flows from investing activities	(1,110,710)	10,239	(257,067)
Cash Flows from Financing Activities			
Issuance of common stock	1,076,811	1,354	200,000
Proceeds from issuance of convertible senior notes	604,595	–	–
Financing costs	(13,417)	–	(15,757)
Purchase of treasury shares	(5,349)	–	(5,101)
Net cash flows from financing activities	1,662,640	1,354	179,142
Effects of Exchange Rates on Cash	27,336	–	–
Increase (Decrease) in Cash and Cash Equivalents	508,077	14,531	12,816
Cash and Cash Equivalents, Beginning of Year	27,347	12,816	–
Cash and Cash Equivalents, End of Year	\$ 535,424	\$ 27,347	\$ 12,816

UnitedGlobalCom, Inc.
SCHEDULE II
Valuation and Qualifying Accounts
(In thousands)

Year Ended	Allowance for Doubtful Accounts						Balance End of Year
	Balance Beginning of Year	Charged to Expense	Acquisitions	Deductions- Write-Offs	CTA	Other	
December 31, 2004 (UGC Post-Founders Transaction)	\$ 43,444	\$ 20,500	\$ 7,956	\$ (27,469)	\$ 3,566	\$ 501	\$ 48,498
December 31, 2003 (UGC Pre-Founders Transaction)	\$ 63,820	\$ 18,264	\$ 1,755	\$ (52,041)	\$ 11,867	\$ (221)	\$ 43,444
December 31, 2002	\$ 43,739	\$ 37,080	\$ –	\$ (22,954)	\$ 7,986	\$ (2,031)	\$ 63,820

Dated 15th December 2004

**UPC SERVICES LIMITED
and
CHARLES BRACKEN**

EXECUTIVE SERVICE AGREEMENT

BETWEEN:

- (1) **UPC Services Ltd**, a limited liability company duly organised and existing under the laws of England and Wales, whose registered office is at Michelin House, 81 Fulham Road, London, SW3 6RD, United Kingdom (the "**Company**"); and
- (2) **Charles Bracken** of Foxlea Manor, Dorneywood Road, Burnham Beeches, Buckinghamshire, SL1 8PS, United Kingdom (the "**Executive**").

THE PARTIES AGREE AS FOLLOWS:

1 DEFINITIONS

In this agreement unless the context otherwise requires:

- 1.1 "**Board**" means the Board of Directors for the time being of UnitedGlobalCom, Inc ("UGC") and includes any committee or nominee of the Board of Directors duly appointed by it.
- 1.2 "**Group Company**" means any holding company from time to time of the Company or any subsidiary from time to time of the Company or of any such holding company (other than the Company) (for which purpose "subsidiary" and "holding company" shall have the meanings given to them in Section 736 of the Companies Act 1985). For the purposes of this agreement, chellomedia ("chellomedia"), a division of UGC Europe, Inc. ("UGC Europe"), United Pan-Europe Communications N.V. ("UPC") and UGC, are deemed to be within the scope of this definition.
- 1.3 "**Group**" means the Company and the Group Companies.
- 1.4 "**Supervisor**" means the current CEO of UGC or his successor in equivalence.

2 APPOINTMENT and notice period

- 2.1 The Company shall engage the Executive and the Executive shall serve the Company as hereinafter provided (the "**Appointment**"). The Appointment shall commence on 16 March 2003 and shall, subject to clause 12 and the following provisions of this clause 2.1, continue unless and until terminated by either party giving to the other not less than 6 months previous notice in writing. In addition to its rights under clause 12, the Company may in its absolute discretion choose to terminate the Appointment at any time and make a payment equivalent to the Executive's basic salary and benefits (excluding stock appreciation rights) over the shorter of 6 months and any unexpired period of notice as at the date the Appointment terminates. In such circumstances where the Company has exercised its discretion and made such a payment, any stock appreciation rights of the Executive will continue to vest after the termination of the Appointment over the shorter of 6 months and any unexpired period of notice as at the date the Appointment terminates.
- 2.2 The Executive's period of continuous employment with the Company began on 15 March 1999.
- 2.3 Subject to clause 2.4, if the Company terminates the Appointment, other than in circumstances where clause 12 applies, the Executive shall be entitled to:
 - 2.3.1 a payment equivalent to the Executive's basic salary and benefits over 6 months; and
 - 2.3.2 a payment equivalent to the Executive's basic salary and benefits over the shorter of 6 months and any unexpired period of notice as at the date the Appointment terminates, except where the Company has made a payment under clause 2.1 or the Appointment has continued for the full six months notice period under clause 2.1.

- 2.4 Any payments under clause 2.3 shall be made in full and final settlement of all and any claims arising out of or in connection with the Executive's employment or its termination and are conditional upon the Executive (and his legal adviser as necessary) signing a compromise agreement giving effect to this, such agreement to be in a form prepared by the Company and agreed with the Executive (such agreement not to be unreasonably withheld or delayed). If notwithstanding such agreement the Executive or anyone acting on his behalf brings a claim arising out of or in connection with his employment or its termination the Executive shall repay upon demand to the Company any payments made under clause 2.3. Such repayment shall be recoverable by the Company as a debt.

3 DUTIES

- 3.1 The Executive shall serve the Company as Co-CFO of UGC and as a director of such companies as his Supervisor shall direct and shall carry out such duties and exercise such powers in relation to the Company or any Group Company as may from time to time be assigned or vested in him by his Supervisor. During the Appointment the Executive shall well and faithfully serve the Company and use his best endeavours to promote the interests of the Company.
- 3.2 The Executive's working hours are from 9.00 am to 6.00 pm Monday to Friday plus such additional hours as may be necessary for the proper performance of the Executive's duties.
- 3.3 The Executive's normal place of work shall be London.
- 3.4 The Executive may be required in pursuance of his duties hereunder:
- (a) to perform services not only for the Company but also for any Group Company;
 - (b) to travel to such places whether in or outside the United Kingdom by such means and on such occasions as the Company may require and in particular to the Netherlands and the United States of America;
 - (c) to make reports to his Supervisor(s) and/or the board of any Group Company on any matters concerning the affairs of the Company or any Group Company as it or they may reasonably require.
- 3.5 Notwithstanding the foregoing or any other provision of this agreement, if notice has been given by either the Company or the Executive under Clause 2.1 the Company shall not be under any obligation to vest in or assign to the Executive any powers or duties and may at any time require the Executive to perform:
- (a) all his normal duties;
 - (b) a part only of his normal duties and no other duties;
 - (c) such duties as it may reasonably require and no others;
 - (d) no duties whatever;

and may from time to time suspend or exclude the Executive from the performance of his duties and/or from all or any premises of the Company without the need to give any reason for so doing but his salary will not cease to be payable (in whole or in part) nor will he cease to be entitled to any other benefits hereunder by reason only of such requirement as mentioned in paragraphs 3.5(b) to 3.5(d) of this clause or such suspension or exclusion (unless or until his employment under this agreement shall be terminated).

4 HOLIDAY ENTITLEMENT

During the Appointment the Executive shall be entitled to 25 working days' holiday (in addition to public holidays in England) in each calendar year January to December at full salary to be taken at such time or times as may be approved by the Executive's line managers. Holidays can only be carried over to the subsequent year with the prior approval of the Executive's direct supervisor(s) (and such carry-over shall not exceed 5 days). Upon the termination of the Appointment either the Executive shall be entitled to receive payment in lieu of accrued holidays not taken at that date (provided that such termination is not pursuant to clause 12) or the Company shall be entitled to make a deduction from the Executive's remuneration in respect of holidays taken in excess of the accrued entitlement.

5 REMUNERATION

- 5.1 During the Appointment, as remuneration for his services hereunder, the Executive shall be paid a fixed salary at the rate of £314,650 gross per annum payable in equal monthly instalments in arrears on or before the last working day of each calendar month. Effective 1 January 2004, the rate will increase to £325,663 gross per annum.
- 5.2 The salary shall be reviewed along with the Executive's performance in each calendar year. There shall be no obligation on the Company to increase the salary. For the avoidance of any doubt the Company is not entitled to decrease the Executive's salary.
- 5.3 The Executive's salary and/or any other sums due to him under this agreement shall be subject to such deductions as may be required by law to be made (including, without limitation, tax and national insurance deductions). The Executive authorises the Company to deduct from his salary and/or any other sums due to him under this agreement any sums due from him to the Company or any Group Company.
- 5.4 If with effect from 15 March 1999 some or all of the Executive's salary and/or other sums due to him in the course of his continuous employment with the Company are subject to any non-UK tax liability ("Foreign Tax"), the Company will pay directly, or reimburse the Executive for any such Foreign Tax, to the extent such Foreign Tax increases the Executive's taxes over and above that which he would have paid in the UK had the Executive been taxed solely in the UK.

If with effect from 15 March 1999 any business expenses which are paid by the Company on behalf of or reimbursed to the Executive subject the Executive to additional UK tax liability on such business expenses because of work carried on outside the UK then, in such circumstances, the Company shall pay directly, or reimburse the Executive for, any additional tax and related social security (e.g. National Insurance) cost which is incurred by the Executive in respect of such business expenses.

If there is a tax and national insurance liability for the Executive in respect of such reimbursement or payment by the Company under this clause 5.4, the Company shall reimburse the Executive in respect of such liability, thereby paying him a sum of money which, after tax and national insurance, is equivalent to that liability.

6 EXPENSES/COMPANY EQUIPMENT

- 6.1 The Executive shall be entitled to recover all reasonable travelling, hotel and other expenses incurred in connection with the performance of the duties hereunder, which expenses shall be evidenced in such manner as the Company may specify from time to time and are subject to compliance with the Company's business expense policy. The Executive agrees to repay to the Company any expenses he owes the Company.

- 6.2 The Executive may be provided equipment to utilise during his employment with the Company and agrees to return such equipment to the Company as and when demanded. The Executive agrees to repay to the Company any charges for damage done to any equipment (excluding normal wear and tear). In the event any equipment is not returned it will be given a fair market value, which the Executive agrees to repay to the Company on demand. These repayment obligations are without prejudice to any other legal remedies that the Company may have.
- 6.3 The Company reserves the right to make deductions from the Executive's salary and/or any other sums due to him under this agreement in respect of any sums due to be repaid by him under clauses 6.1 and 6.2.

7 PENSIONS

- 7.1 Subject to 7.2 the Executive will be eligible to participate in the UPC Services Limited Group Personal Pension Plan, as exists from time to time.
- 7.2 Contributions by the Company will be in compliance with the Company's policy on pensions contributions as amended from time to time.

8 BENEFITS/COMPANY CAR

- 8.1 The Executive and his family are entitled to become members of the Company's Private Medical Insurance scheme and Dental Insurance Scheme subject to the rules of the schemes as amended from time to time provided that, as far as is reasonably practicable, the current level of benefit shall not be decreased materially. For the Medical Insurance Scheme, all monthly premiums will be borne by the Company. With regards to the Dental Insurance Scheme, only the monthly premiums for the Executive will be borne by the Company. Full details of the schemes are available from Human Resources.
- 8.2 The Executive may participate in the Company's Permanent Health Insurance scheme subject to the rules of the scheme as amended from time to time provided that, as far as is reasonably practicable, the current level of benefit shall not be decreased materially. Full details of the scheme are available from Human Resources.
- 8.3 The Company will provide the Executive with group life assurance cover, subject to the rules of the scheme as amended from time to time provided that, as far as is reasonably practicable, the current level of benefit shall not be decreased materially. Full details of the scheme are available from Human Resources.
- 8.4 Subject to any terms and conditions of the Company's car policy as may be amended from time to time, to assist the Executive in the performance of his duties the Company shall during the Appointment provide the Executive with a car allowance appropriate to his level payable monthly in arrears (subject to such deductions as may be required by law to be made (including without limitation, tax and national insurance deductions)).

9 CONFIDENTIAL INFORMATION/TRADE SECRETS/NON-COMPETITION

The Executive shall be subject to the Company's policy in respect of confidential information and trade secrets and non-competition as set out in Schedule 1 attached.

10 INVENTIONS AND CREATIVE WORKS

- 10.1 The Executive acknowledges that because of the nature of his duties and the particular responsibilities arising as a result of such duties which he owes to the Company and the Group Companies he has a special obligation to further the interests of the Company and the Group

Companies. In particular the duties of the Executive may include reviewing the products and services of the Company and Group Companies with a view to improving them by new and/or original ideas and inventions and implementing such improvements.

- 10.2 The Executive shall promptly disclose to the Company any idea, invention or work which is relevant to or capable of use in the business of the Company or any of the Group Companies made by the Executive in the course of his employment whether or not in the course of his duties. The Executive acknowledges that the intellectual property rights subsisting or which may in the future subsist in any such ideas, inventions or works created by him in the course of his employment will, on creation, vest in and be the exclusive property of the Company and where the same does not automatically vest as aforesaid, the Executive shall assign the same to the Company (upon the request and at the cost of the Company). The Executive hereby irrevocably waives any rights which he may have in any such ideas, inventions or works which are or have been conferred upon him by chapter IV of part I of the Copyright, Designs and Patents Act 1988 headed "Moral Rights".
- 10.3 The Executive hereby irrevocably appoints the Company to be his attorney in his name and on his behalf to execute and do any such instrument or thing and generally to use his name for the purpose of giving to the Company or its nominee the full benefit of the provisions of this clause 10 and acknowledges in favour of any third party that a certificate in writing signed by any Director or Secretary of the Company that any instrument or act falls within the authority hereby conferred shall be conclusive evidence that such is the case.

11 CODE OF BUSINESS CONDUCT

The Executive shall be subject to the Company's Code of Business Conduct issued by the Company to him from time to time, the current version of which is set out in Schedule 2.

12 TERMINATION BY EVENTS OF DEFAULT

- 12.1 The Appointment shall be subject to summary termination at any time by the Company by notice in writing if the Executive shall:
- (a) have committed any serious breach or (after warning in writing) any repeated or continued material breach of the obligations hereunder; or
 - (b) have committed an act of gross misconduct in connection with the performance of his duties, as determined by the Board, or have demonstrated habitual negligence in the performance of his duties, as determined by the Board; or
 - (c) shall have been guilty of any act of dishonesty or serious misconduct or any conduct which in the reasonable opinion of the Board tends to bring the Executive, the Company or any of the Group Companies into disrepute including but not limited to any serious breach of the Company's Code of Business Conduct as set out in Schedule 2; or
 - (d) be convicted of any criminal offence (excluding an offence under the road traffic legislation in the United Kingdom or elsewhere for which the Executive is not sentenced to any term of imprisonment, whether suspended or not); or
 - (e) be incapacitated during the Appointment by ill-health or accident from performing his duties hereunder for an aggregate of 130 working days or more in any period of 12 months provided that this clause 12.1(e) shall not apply if using it would deprive the Executive of any permanent health insurance benefits under Clause 8.2.
- 12.2 Any delay by the Company in exercising such right to termination shall not constitute a waiver thereof provided such delay does not extend beyond 12 months.

13 INCAPACITY

- 13.1 If the Executive shall be incapacitated during the Appointment by ill-health or accident from performing his duties hereunder for an aggregate of 130 working days or more in any period of 12 months the Company may by written notice to the Executive forthwith (or as from a future date specified in the notice) discontinue payment in whole or part of the remuneration and benefits under this Agreement until such incapacity shall cease or (whether or not his remuneration and benefits shall have been discontinued as aforesaid) terminate pursuant to clause 12.1 (e) the Appointment provided that the Company shall, except where the Appointment has been terminated, take all reasonable steps to ensure that the Executive receives benefits pursuant to clauses 8.1, 8.2 and 8.3. Subject as aforesaid the said remuneration and benefits shall continue to be payable to the Executive notwithstanding such incapacity, but the Company shall be entitled to set off or deduct there from the amount of any sickness or other benefit to which the Executive is entitled under Social Security legislation for the time being in force. If requested by the Company, doctor's certificates must be obtained for any period of incapacity due to sickness or injury of more than 7 days (including weekends).
- 13.2 It is a condition of the Executive's employment that the Executive consents to an examination by a doctor nominated by the Company should the Company so require.
- 13.3 If the Executive's absence shall be occasioned by the actionable negligence of a third party in respect of which damages are recoverable, then all sums paid by the Company to the Executive under this clause 13 shall be reimbursed by the Executive as follows: Executive shall:
- (a) immediately notify the Company of all the relevant circumstances and of any claim, compromise, settlement or judgment made or awarded in connection therewith;
 - (b) if the Company so requires, refund to the Company such sum as the Company may determine, not exceeding the lesser of:
 - (i) the amount of damages recovered by the Executive under any compromise settlement or judgment; and
 - (ii) the sums advanced to the Executive by the Company in respect of the period of incapacity.

14 OBLIGATIONS UPON TERMINATION

Upon the termination of the Appointment howsoever arising the Executive shall:

- 14.1 at any time or from time to time thereafter upon the request of the Company, resign without claim for compensation from:-
- (a) all offices held in the Company or any of the Group Companies; and
 - (b) membership of any organisation and any office in any other company acquired by reason of or in connection with the Appointment;
- and should he fail to do so the Company is hereby irrevocably appointed to be the Executive's Attorney in his name and on his behalf to execute any documents and to do any things necessary or requisite to give effect to this clause; and
- 14.2 deliver to the Company all documents (including, but not limited to, correspondence, lists of clients or customers, notes, memoranda, plans, drawings and other documents of whatsoever nature and all copies thereof) made or compiled or acquired by the Executive during the Appointment and concerning the business, finances or affairs of the Company or any of the Group Companies or customers together with all other property of or relating to the business of the

15 RECONSTRUCTION AND AMALGAMATION

If at any time the Executive's employment is terminated in connection with any reconstruction or amalgamation of the Company or any of the Group Companies whether by winding up or otherwise and the Executive receives an offer on terms which (considered in their entirety) are not less favourable to any material extent than the terms of this agreement from a company involved in or resulting from such reconstruction or amalgamation the Executive shall have no claim whatsoever against the Company or any such company arising out of or connected with such termination.

16 NOTICES

Any notice to be given hereunder shall be in writing. Notices may be given by either party by personal delivery or post or by fax addressed to the other party at (in the case of the Company) its registered office for the time being and (in the case of the Executive) his last known address and any such notice given by letter or fax shall be deemed to have been served at the time at which the letter was delivered personally or transmitted or if sent by post would be delivered in the ordinary course of first class post.

17 PREVIOUS CONTRACTS

- 17.1 This agreement is in substitution for any previous contract of service between the Company or any of the Group Companies and the Executive which shall be deemed to have been terminated by mutual consent as from the commencement of the Appointment (including, for the avoidance of any doubt, the Executive Service Agreement between United Pan-Europe Communications NV and the Executive dated 5 March 1999 and furthermore the letter of transfer to UPC Services Limited dated 4 April 2002, which shall be deemed to have been terminated by mutual consent as from the commencement of the Appointment and not terminated in the circumstances referred in Clause 2.3 of that agreement).
- 17.2 The Executive hereby warrants and represents to the Company that he will not, in entering into this agreement or carrying out his duties hereunder, be in breach of any terms of employment whether express or implied or any other obligation binding upon him.

18 PROPER LAW

This agreement shall be governed and construed in all respects in accordance with English law.

19 CONSTRUCTION

- 19.1 The headings in this agreement are inserted for convenience only and shall not affect its construction.
- 19.2 Any reference to a statutory provision shall be construed as a reference to any statutory modification or re-enactment thereof (whether before or after the date hereof) for the time being in force.

20 STATUTORY INFORMATION, POLICIES AND SCHEDULES

- 20.1 This agreement constitutes a written statement as at the date hereof of the terms of employment of the Executive in compliance with the provisions of the Employment Rights Act 1996.
- 20.2 There are no collective agreements applicable to the Executive.

- 20.3

The Executive will observe such rules, regulations and policies relating to the grievance and disciplinary procedure as the Company may from time to time notify to the Executive.
- 20.4

If the Executive is dissatisfied with any disciplinary decision relating to him he should apply orally or in writing to his Supervisor. Any application for the purpose of seeking redress of any grievance relating to the Executive's employment should be made either orally or in writing to his Supervisor..
- 20.5

The Executive shall comply with all of the Company's rules, regulations and policies in force from time to time.
- 20.6

This agreement together with Schedules 1 and 2 constitute the entire agreement between the Executive and the Company.

21 DATA PROTECTION

The Executive consents to the Company or any Group Company holding and processing both electronically and in hard copy form any personal and sensitive data relating to the Executive for the purposes of Executive-related administration, processing the Executive's file and management of its business, for compliance with applicable procedures, laws and regulations and for providing data to external suppliers who administer the Executive's benefits solely for the purpose of providing the Executive with those benefits. It may also be necessary for the Company to forward such personal and sensitive information to other offices it may have or to another Group Company outside the European Economic Area where such a company has offices for storage and processing for administrative purposes and the Executive consents to the Company doing so as may be necessary from time to time.

IN WITNESS whereof this agreement has been executed on the date stated on the first page of this agreement.

Signed as a deed by the said
CHARLES BRACKEN
in the presence of:

/s/Angela McMullen
ANGELA MCMULLEN

)
)
)

/s/ Charles Bracken

Signed by Ton Tuijten
Duly authorised for and on behalf of
UPC SERVICES LIMITED
in the presence of:

/s/ Neil Foulger
NEIL FOULGER

)
)
)
)

/s/ Ton Tuijten

SCHEDULE 1
TRADE SECRETS, CONFIDENTIAL INFORMATION AND NON-COMPETITION

During the Appointment, the Executive will acquire knowledge of confidential and propriety information regarding, among other things, the Company's and the Group's present and future operations, its customers and suppliers, pricing and bidding strategies, and the methods used by the Company and its Executives.

Therefore, the Executive hereby agrees to the following:

- A. During the Appointment and after the termination of the Appointment the Executive will hold in a fiduciary capacity for the benefit of the Company, and shall not directly or indirectly use or disclose any Trade Secret, as defined below, that the Executive may acquire during the Appointment for so long as such information remains a trade secret. The term "**Trade Secret**" as used in this agreement shall mean information including, but not limited to, technical or non-technical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, product plans or a list of actual or potential customers or suppliers which:
- (1) derives economic value, actual or potential from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use; and
 - (2) is the subject of reasonable efforts by the Company or its Group to maintain its confidentiality.
- B. In addition to A above and not in limitation thereof, the Executive agrees that, during the Appointment and for a period of 2 years after termination, the Executive will hold in a fiduciary capacity for the benefit of the Company and the Group, and shall not directly or indirectly use or disclose, any Confidential or Proprietary information, as defined below, that the Executive may have acquired (whether or not developed or compiled by the Executive and whether or not the Executive was authorised to have access to such information) during the term of, in the course of or as a result of the Appointment. The term "**Confidential or Proprietary Information**" as used in this agreement means any secret, confidential, or proprietary information of the Company not otherwise included in the definition of "Trade Secret" above and does not include information that has become generally available to the public by the act of one who has the right to disclose such information without violating any right of the client to which such information pertains.
- C.
- 1. In this Section C
 - 1.1 "**Restricted Business**" means those of the businesses of the Company and any Group Company at the time of the termination of the Appointment with which the Executive was involved to a material extent during the period of 12 months ending on the date of the termination of the Appointment;
 - 1.2 "**Restricted Customer**" means any firm, company or other person who, during the period of 12 months ending on the date of the termination of the Appointment, was a customer of or in the habit of dealing with the Company or any Group Company and with whom the Executive had contact or about whom the Executive became aware or informed in the course of the Appointment; and
 - 1.3 "**Restricted Executive**" means any person who, at the date of the termination of the Appointment, either:
 - (a) was employed by the Company or any Group Company at a level at least equal to the Executive and was a person with whom the Executive had material contact; or

(b) was employed by the Company or any Group Company and reported to the Executive directly or indirectly at any time during the 12 months prior to the termination of the Appointment.

2. The Executive will not, for a period of 6 months after the termination of the Appointment, solicit or endeavour to entice away from the Company or any Group Company the business or custom of a Restricted Customer with a view to providing goods or services to that Restricted Customer in competition with any Restricted Business.
3. The Executive will not, for a period of 6 months after the termination of the Appointment, provide goods or services to or otherwise have any business dealings with any Restricted Customer in the course of any business concern which is in competition with any Restricted Business.
4. The Executive will not, for a period of 6 months after the termination of the Appointment, in the course of any business concern which is in competition with any Restricted Business solicit or endeavour to entice away from the Company or any Group Company any Restricted Executive or employ or otherwise engage the services of, whether as Executive, consultant, or otherwise, any Restricted Executive.
5. The obligations imposed on the Executive by this Section C extend to the Executive acting not only on the Executive's own account but also on behalf of any other firm, company or other person and shall apply whether the Executive acts directly or indirectly.

D. The covenants contained in this Schedule shall inure to the benefit of the Company, and successor of it and every Group Company.

SCHEDULE 2
UNITEDGLOBALCOM, INC. GROUP OF COMPANIES
Code of Business Conduct for All Employees
Amended and Restated March 11, 2004

Introduction

UnitedGlobalCom, Inc. (the "Company"), is committed to conducting its business with honesty and integrity. This Code of Business Conduct (this "Code") is designed to fulfill this mandate. It is also intended to help each of us focus on the duty we owe to each other, to the Company's stockholders and to others with whom we do business to conduct ourselves honestly and ethically.

This Code applies to each of the Company's and to all other companies in which the Company directly or indirectly owns and has the right to vote shares or other interests representing more than 50% of the voting power of such companies (the "Controlled Companies") with respect to the election of directors or similar officials, and to the directors, officers and employees thereof (referred to collectively as "employees"). Notwithstanding the foregoing, unless otherwise determined by the Board of Directors, this Code does not apply to (i) any Controlled Company and its employees if the Controlled Company is an "issuer" as defined in Section 2(a)(7) of the Sarbanes-Oxley Act of 2002 (generally, a company that files disclosure documents with the Securities and Exchange Commission), or (ii) any other Controlled Company that is excluded from the application of the Code by the Board of Directors; provided, however, that such Controlled Company has its own Code of Business Conduct, which has been approved by its board of directors. A violation of the standards contained in this Code will result in disciplinary action, up to and including possible dismissal.

Company Assets

Company assets should be safeguarded and used for Company business only, except for limited personal use approved by your supervisor that does not interfere with Company use. This includes protection of the Company's physical facilities, office equipment (for example, all computer-related equipment, furniture and supplies), computer software, records, intellectual property rights and third party information. We also must safeguard the Company's trademarks and other proprietary information, as discussed in the section "Confidential Information."

Compliance with Laws

In conducting our business, the Company and every employee must obey and comply with applicable laws, rules and regulations. It is your job to be aware of those rules and to comply with the legal requirements affecting you and your job.

You may learn information about the Company or companies with whom we do business that is unavailable to the public. Such information may be "insider information" within the meaning of the U.S. federal securities laws. As provided in the Company's policy on trading in Company securities, you may not use inside information when making personal investment decisions or investment decisions for others regarding our stock or the stock of companies with whom we do business. In addition, you may not pass insider information on to persons outside the Company. This includes family and friends.

If you have any questions regarding compliance with these laws and principles, please call a member of the Company's Legal Department immediately. Remember that compliance with this Code is your responsibility.

Confidential Information

You shall not, during or after your employment, disclose to or use for the benefit of any person or entity other than the Company, any Company confidential information that you develop or receive during employment. "Confidential information" refers to information that is not available to the public. For example, Company confidential information includes:

- trade secrets, research and development information, product and marketing plans;
- personnel data, financial data, product and service specifications, prototypes, software, models, business planning models, customer lists;
- information relating to current and future business plans, strategies and methods, divestitures, mergers, acquisitions and marketing and sales plans and data;
- technical and engineering information; and
- other information relating to the Company, its subsidiaries or its customers.

If you are unsure about the confidential nature of specific information you must ask your supervisor or a member of the Company's Legal Department for clarification. You must return to the Company all Company confidential information when their employment ends.

You should use reasonable care to protect the confidentiality of all Company confidential information, and should not disclose Company confidential information to unauthorized persons. This means that you should exercise care when discussing Company matters in the presence of third parties, and should contact the Company's Legal Department before disclosing Company confidential information to a third party. Company confidential information should never be disclosed for personal profit or for the advantage of yourself or anyone else.

Also, you should not accept any confidential information from any third party without approval of his/her supervisor or a member of the Company's Legal Department. If you have third party confidential information, you must take care to observe the terms of any agreement under which such confidential information has been received from the third party, and not to violate the rights of the third party. Particular care should be taken when dealing with competitors and former employees. You must never knowingly request, accept, use or disclose the confidential information of these parties unless you have consulted with your supervisor or a member of the Company's Legal Department. In addition, you may not disclose, or induce any other employee to disclose, any former employer's confidential information, or ask a third party to violate a non-compete or non-disclosure agreement.

You will be subject to appropriate disciplinary action, up to and including dismissal, for knowingly or unknowingly (such as through casual conversation) revealing confidential information of the Company or of a third party.

Conflicts of Interest

You must avoid any situation that involves or may involve a conflict between your personal interest and the interest of the Company. A conflict of interest occurs when personal interests interfere with your ability to (i) exercise good judgment concerning the Company's best interests or (ii) do your job at the Company in a way that is in the best interest of the Company. You may not use Company property, information or position for personal gain, including by taking for yourself personal opportunities that are discovered through the use of Company property, information or position. You must make prompt and full disclosure in writing to senior management of any potential conflict of interest situation and receive written approval from senior management regarding the situation. You should avoid even the appearance of such a conflict.

Examples of conflict situations include:

- Ownership, directly or indirectly (including through family members), of more than a modest financial interest in any outside entity that does or seeks to do business with the Company or a competitor of the Company.
- Serving as a director, officer, partner, consultant, or in a managerial or technical capacity with an outside entity that does or is seeking to do business with the Company or a competitor of the Company.
- Acting as a broker, finder, go-between or otherwise for the benefit of a third party in transactions involving or potentially involving the Company or its interests.
- Buying or selling assets to/from the Company.
- Using Company-owned assets for other than Company-related business.
- Business relationships between the Company and any person who is a relative or personal friend or an entity controlled by any such person.
- Compete or prepare to compete with the Company while still employed by the Company.

There are other situations in which a conflict of interest may arise. If you have any question regarding whether a type of action may create a conflict of interest situation, you should consult a member of the Company's Legal Department. Also, if you become aware of any material transaction or relationship that could reasonably be expected to give rise to such a conflict of interest, or if you have concerns about any situation, follow the steps outlined in the section "Reporting Ethical Violations."

Fraudulent Activities

Fraudulent Activities encompass an array of irregularities and illegal acts characterized by intentional deception. Fraud can be perpetrated by persons outside as well as inside the Company. No one has the authority to commit illegal acts related to the Company. Fraudulent activities include acts that are not only a detriment to the Company, but also a detriment to third parties. Engaging in any act that involves fraud, theft, embezzlement or misappropriation of any property, including that of the Company, or any of its employees, suppliers or customers is strictly prohibited. It is the Company's policy to ensure that incidents of fraud related to the Company are promptly investigated, reported and, where appropriate, prosecuted. Some examples of fraudulent conduct are:

- Falsification of financial records such as valuation of transactions, amount of income/loss, or failure to disclose financial information;
- Acceptance of bribes or kickbacks, see the Section "Gifts, Entertainment and Bribes";
- Diversion of potentially profitable transactions outside the Company;
- Claims submitted for services or goods not actually provided to the Company or a third party;
- Embezzlement; and
- Intentional concealment or misrepresentation of events or information, including expense reimbursement.

Work Conduct

Conduct that interferes with operations of the Company, discredits the Company, or is offensive to third parties or coworkers will not be tolerated. You are expected to observe the highest standard of conduct in your relationships with other employees, shareholders, suppliers, government officials and

the general public in order to represent the best interests of the Company. Appropriate employee conduct includes:

- Refraining from behavior or conduct which is contrary to the Company's best interests;
- Reporting to management suspicious, unethical, or illegal conduct by coworkers or suppliers; and
- Reporting to management any threatening or potentially violent behavior by coworkers.

The following conduct is prohibited and individuals engaged in it will be subject to discipline, up to and including possible termination:

- Engaging in or threatening any acts in violation of the Workplace Violence Policy or the Harassment Policy.
- Committing any illegal act, except minor traffic offenses.
- Being under the influence of alcohol, an intoxicant, illegal drug or narcotic while at work; having possession of, selling, giving or circulating alcohol, drugs or sources of drugs, intoxicants or narcotics to other employees. Moderate alcohol consumption at events provided by the Company is, however, permissible.
- Stealing, destroying, defacing, or misusing Company property or another employee's property;
- Misusing Company communications systems, including electronic mail, computers, Internet access, and telephones. Misuse includes excessive personal telephone calls or emails. See Internet and E-mail Policy.
- Disobedience or insubordination, or the use of abusive, threatening, or obscene language.
- Failing to comply with any Company policy.

The examples of prohibited behavior described above are not intended to be an all-inclusive list. Employees who participate in any conduct that is in violation of this Code shall be subject to disciplinary action, up to and including possible termination. In addition, if the conduct in question is an illegal act, such as fraud, the Company will report and, where appropriate, prosecute the employee to the fullest extent permitted by law.

Gifts, Entertainment and Bribes

The Company expects you to conduct the Company's business with integrity and to comply with all applicable laws in a manner that excludes considerations of personal advantage or gain. Employees shall maintain the highest ethical standards in the conduct of Company affairs.

- Other than for modest gifts given or received in the normal course of business (including travel or entertainment), neither you nor your relatives may give gifts to, or receive gifts from, the persons doing business with the Company. Other gifts may be given or accepted only with prior approval of your senior management. In no event should you put the Company or yourself in a position that would be embarrassing if the gift was made public.
- No gifts or business entertainment of any kind may be given to any government official without the prior approval of the Company's Legal Department. For such approval to be given, the gift must be in compliance with this Code and not in violation of the Company's Foreign Corrupt Practices Policy.
- Appropriate business entertainment in connection with business discussions or the development of business relationships is generally acceptable. Such entertainment may include business-related meals and trips, refreshments before and after business meetings and tickets to sporting,

theatrical or cultural events. Notwithstanding the foregoing, any entertainment that would cause a feeling or expectation of personal obligation should not be extended or accepted.

- If an employee has any question regarding the type of gift or entertainment to be given or received, he or she should consult with a member of the Company's Legal Department.
- Reimbursement for gifts and entertainment will be made in accordance with the Company's business expense policy.

Any employee who pays or receives bribes or kickbacks will be subject to disciplinary action, which may include being immediately terminated and reported, as warranted, to the appropriate authorities. A kickback or bribe includes any item intended to improperly obtain favorable treatment.

Political Contributions

No Company funds may be given directly to political candidates. You may, however, engage in political activity with your own resources on your own time.

Reporting Ethical Violations

If you become aware of a suspected ethical violation, whether before or after it has occurred, you must promptly report it to a member of the Company's Legal Department in the country in which you are located. If you still are concerned after speaking with the Company's Legal Department or feel uncomfortable speaking with such person (for whatever reason), you may contact the Chief Financial Officer, President or Chief Executive Officer. You have the Company's commitment that you will be protected from retaliation as stated in the Company's non-retaliation policy.

Report of ethical violations will be kept confidential to the extent possible, consistent with the Company's need to investigate and take action regarding the matter. Employees are also expected to keep information regarding such matters confidential and understand that they are expected to fully cooperate with any such investigation.

Waivers

Under appropriate circumstances, the Company may waive application of this Code to certain otherwise prohibited conduct. A waiver must be requested in advance and in writing, and the request must describe the contemplated conduct for which the waiver is sought and why a waiver would be appropriate under the circumstances.

If you are a director or executive officer, a waiver request must be directed to the independent members of the Board of Directors. The waiver may be granted only by a vote of such Board members following a determination by the Legal Department that a waiver is appropriate under the circumstances. The reasons for granting the waiver should be recorded in the minutes of the meeting at which it was granted and the waiver must be accompanied by appropriate controls designed to protect the Company.

If you are not a director or executive officer, a waiver request must be directed to the Legal Department. The waiver may be granted only following a determination by the Legal Department that the waiver is appropriate under the circumstances and accompanied by appropriate controls designed to protect the Company.

The Company will post on its web site for a period of at least 12 months a description of any changes to, amendments or waivers of this Code applicable to directors or executive officers. Implicit waivers due to inaction by Company management with respect to reported or known Code violations shall be similarly disclosed.

Conclusion

Each employee is responsible for safeguarding and promoting the Company's ethics and business reputation. Of course, doing the right thing is not always easy. Many situations will involve subtleties and complexities that lead to difficult choices. When in doubt, take a step back to ask yourself whether the situation feels right, and consider whether you feel confident that your actions would withstand scrutiny. If necessary, take another careful look at this Code for guidance and seek advice from a supervisor or other colleague. Your actions should not have even the appearance of impropriety. You should be able to feel comfortable that your actions would not embarrass yourself, your colleagues or the Company's stockholders should it turn out that your conduct becomes "front page" news.

If you are uncertain about a contemplated course of action or have questions about this Code, you should raise the issue with a member of the Company's Legal Department or another member of senior management with whom you feel comfortable. If you still are uncomfortable, please follow the steps outlined above in the section "Reporting Ethical Violations."

Any employee who ignores or violates any provision of this Code, and any manager who penalizes a subordinate for trying to follow this Code, will be subject to corrective action, up to and including possible termination. Simply put, the Company seeks to employ people who believe that honest and ethical behavior is not only good business, but also the right thing to do personally.

This Code will be posted to the Company's website at www.unitedglobal.com, and will be filed as an exhibit to the Company's annual report on Form 10-K.

UnitedGlobalCom, Inc. reserves the right to amend or cancel this Policy at any time.

QuickLinks

[Exhibit 10.15](#)

Dated 10th January 2005

UPC SERVICES LIMITED
and
SHANE O'NEILL

EXECUTIVE SERVICE AGREEMENT

BETWEEN:

- (1) **UPC Services Ltd**, a limited liability company duly organised and existing under the laws of England and Wales, whose registered office is at Michelin House, 81 Fulham Road, London, SW3 6RD, United Kingdom (the "**Company**"); and
- (2) **Shane O'Neill** of 25, Friars Stile Road, Richmond, Surrey, TW10 6NH (the "**Executive**").

THE PARTIES AGREE AS FOLLOWS:

1 DEFINITIONS

In this agreement unless the context otherwise requires:

- 1.1 "**Board**" means the Board of Directors for the time being of UnitedGlobalCom, Inc ("UGC") and includes any committee or nominee of the Board of Directors duly appointed by it.
- 1.2 "**Group Company**" means any holding company from time to time of the Company or any subsidiary from time to time of the Company or of any such holding company (other than the Company) (for which purpose "subsidiary" and "holding company" shall have the meanings given to them in Section 736 of the Companies Act 1985). For the purposes of this agreement, chellomedia ("chellomedia"), a division of UGC Europe, Inc. ("UGC Europe") and United Pan-Europe Communications N.V. ("UPC") and UGC are deemed to be within the scope of this definition.
- 1.3 "**Group**" means the Company and the Group Companies.
- 1.4 "**Supervisor**" means the current CEO of UGC Europe or his successor in equivalence for his responsibilities as Chief Strategy Officer of UGC Europe and the CEO of chellomedia for his responsibilities as President of chellomedia.

2 APPOINTMENT AND NOTICE PERIOD

- 2.1 The Company shall engage the Executive and the Executive shall serve the Company as hereinafter provided (the "**Appointment**"). The Appointment shall commence on 1 November 2003 and shall, subject to clause 12 and the following provisions of this clause 2.1, continue unless and until terminated by either party giving to the other not less than 6 months previous notice in writing. In addition to its rights under clause 12, the Company may in its absolute discretion choose to terminate the Appointment at any time and make a payment equivalent to the Executive's basic salary and benefits (excluding stock appreciation rights) over the shorter of 6 months and any unexpired period of notice as at the date the Appointment terminates. In such circumstances where the Company has exercised its discretion and made such a payment, any stock appreciation rights of the Executive will continue to vest after the termination of the Appointment over the shorter of 6 months and any unexpired period of notice as at the date the Appointment terminates.
- 2.2 The Executive's period of continuous employment with the Company began on 8 November 1999.
- 2.3 Subject to clause 2.4, if the Company terminates the Appointment, other than in circumstances where clause 12 applies, the Executive shall be entitled to:
 - 2.3.1 a payment equivalent to the Executive's basic salary and benefits over 6 months; and
 - 2.3.2 a payment equivalent to the Executive's basic salary and benefits over the shorter of 6 months and any unexpired period of notice as at the date the Appointment terminates, except where

the Company has made a payment under clause 2.1 or the Appointment has continued for the full six months notice period under clause 2.1.

- 2.4 Any payments under clause 2.3 shall be made in full and final settlement of all and any claims arising out of or in connection with the Executive's employment or its termination and are conditional upon the Executive (and his legal adviser as necessary) signing a compromise agreement giving effect to this, such agreement to be in a form prepared by the Company and agreed with the Executive (such agreement not to be unreasonably withheld or delayed). If notwithstanding such agreement the Executive or anyone acting on his behalf brings a claim arising out of or in connection with his employment or its termination the Executive shall repay upon demand to the Company any payments made under clause 2.3. Such repayment shall be recoverable by the Company as a debt.

3 DUTIES

- 3.1 The Executive shall serve the Company as President of chellomedia and as Chief Strategy Officer of UGC Europe and as a director of such companies as his Supervisor(s) shall direct and shall carry out such duties and exercise such powers in relation to the Company or any Group Company as may from time to time be assigned or vested in him by his Supervisor(s). During the Appointment the Executive shall well and faithfully serve the Company and use his best endeavours to promote the interests of the Company.
- 3.2 The Executive's working hours are from 9.00 am to 6.00 pm Monday to Friday plus such additional hours as may be necessary for the proper performance of the Executive's duties.
- 3.3 The Executive's normal place of work shall be London.
- 3.4 The Executive may be required in pursuance of his duties hereunder:
- (a) to perform services not only for the Company but also for any Group Company;
 - (b) to travel to such places whether in or outside the United Kingdom by such means and on such occasions as the Company may require and in particular to the Netherlands;
 - (c) to make reports to his Supervisor(s) and/or the board of any Group Company on any matters concerning the affairs of the Company or any Group Company as it or they may reasonably require.
- 3.5 Notwithstanding the foregoing or any other provision of this agreement, if notice has been given by either the Company or the Executive under Clause 2.1 the Company shall not be under any obligation to vest in or assign to the Executive any powers or duties and may at any time require the Executive to perform:
- (a) all his normal duties;
 - (b) a part only of his normal duties and no other duties;
 - (c) such duties as it may reasonably require and no others;
 - (d) no duties whatever;
- and may from time to time suspend or exclude the Executive from the performance of his duties and/or from all or any premises of the Company without the need to give any reason for so doing but his salary will not cease to be payable (in whole or in part) nor will he cease to be entitled to any other benefits hereunder by reason only of such requirement as mentioned in paragraphs 3.5(b) to 3.5(d) of this clause or such suspension or exclusion (unless or until his employment under this agreement shall be terminated).

4 HOLIDAY ENTITLEMENT

During the Appointment the Executive shall be entitled to 25 working days' holiday (in addition to public holidays in England) in each calendar year January to December at full salary to be taken at such time or times as may be approved by the Executive's line managers. Holidays can only be carried over to the subsequent year with the prior approval of the Executive's direct supervisor(s) (and such carry-over shall not exceed 5 days). Upon the termination of the Appointment either the Executive shall be entitled to receive payment in lieu of accrued holidays not taken at that date (provided that such termination is not pursuant to clause 12) or the Company shall be entitled to make a deduction from the Executive's remuneration in respect of holidays taken in excess of the accrued entitlement.

5 REMUNERATION

- 5.1 During the Appointment, as remuneration for his services hereunder, the Executive shall be paid a fixed salary at the rate of £279,500 gross per annum payable in equal monthly instalments in arrears on or before the last working day of each calendar month.
- 5.2 The salary shall be reviewed along with the Executive's performance in each calendar year. There shall be no obligation on the Company to increase the salary. For the avoidance of any doubt the Company is not entitled to decrease the Executive's salary.
- 5.3 The Executive's salary and/or any other sums due to him under this agreement shall be subject to such deductions as may be required by law to be made (including, without limitation, tax and national insurance deductions). The Executive authorises the Company to deduct from his salary and/or any other sums due to him under this agreement any sums due from him to the Company or any Group Company.
- 5.4 If with effect from 8 November 1999 some or all of the Executive's salary and/or other sums due to him in the course of his continuous employment with the Company are subject to any non-UK tax liability ("Foreign Tax"), the Company will pay directly, or reimburse the Executive for any such Foreign Tax, to the extent such Foreign Tax increases the Executive's taxes over and above that which he would have paid in the UK had he worked and been taxed solely in the UK.

If with effect from 8 November 1999 any business expenses which are paid by the Company on behalf of or reimbursed to the Executive subject the Executive to additional UK tax liability on such business expenses because of work carried on outside the UK then, in such circumstances, the Company shall pay directly, or reimburse the Executive for, any additional tax and related social security (e.g. National Insurance) cost which is incurred by the Executive in respect of such business expenses.

If there is a tax and national insurance liability for the Executive in respect of such reimbursement or payment by the Company under this clause 5.4, the Company shall reimburse the Executive in respect of such liability, thereby paying him a sum of money which, after tax and national insurance, is equivalent to that liability.

6 EXPENSES/COMPANY EQUIPMENT

- 6.1 The Executive shall be entitled to recover all reasonable travelling, hotel and other expenses incurred in connection with the performance of the duties hereunder, which expenses shall be evidenced in such manner as the Company may specify from time to time and are subject to compliance with the Company's business expense policy. The Executive agrees to repay to the Company any expenses he owes the Company.

- 6.2 The Executive may be provided equipment to utilise during his employment with the Company and agrees to return such equipment to the Company as and when demanded. The Executive agrees to repay to the Company any charges for damage done to any equipment (excluding normal wear and tear). In the event any equipment is not returned it will be given a fair market value, which the Executive agrees to repay to the Company on demand. These repayment obligations are without prejudice to any other legal remedies that the Company may have.
- 6.3 The Company reserves the right to make deductions from the Executive's salary and/or any other sums due to him under this agreement in respect of any sums due to be repaid by him under clauses 6.1 and 6.2.

7 PENSIONS

- 7.1 Subject to 7.2 the Executive will be eligible to participate in the UPC Services Limited Group Personal Pension Plan, as exists from time to time.
- 7.2 Contributions by the Company will be in compliance with the Company's policy on pensions contributions as amended from time to time.

8 BENEFITS/COMPANY CAR

- 8.1 The Executive and his family are entitled to become members of the Company's Private Medical Insurance scheme and Dental Insurance Scheme subject to the rules of the schemes as amended from time to time provided that, as far as is reasonably practicable, the current level of benefit shall not be decreased materially. For the Medical Insurance Scheme, all monthly premiums will be borne by the Company. With regards to the Dental Insurance Scheme, only the monthly premiums for the Executive will be borne by the Company. Full details of the schemes are available from Human Resources.
- 8.2 The Executive may participate in the Company's Permanent Health Insurance scheme subject to the rules of the scheme as amended from time to time provided that, as far as is reasonably practicable, the current level of benefit shall not be decreased materially. Full details of the scheme are available from Human Resources.
- 8.3 The Company will provide the Executive with group life assurance cover, subject to the rules of the scheme as amended from time to time provided that, as far as is reasonably practicable, the current level of benefit shall not be decreased materially. Full details of the scheme are available from Human Resources.
- 8.4 Subject to any terms and conditions of the Company's car policy as may be amended from time to time, to assist the Executive in the performance of his duties the Company shall during the Appointment provide the Executive with a car allowance appropriate to his level payable monthly in arrears (subject to such deductions as may be required by law to be made (including without limitation, tax and national insurance deductions)).

9 CONFIDENTIAL INFORMATION/TRADE SECRETS/NON-COMPETITION

The Executive shall be subject to the Company's policy in respect of confidential information and trade secrets and non-competition as set out in Schedule 1 attached.

10 INVENTIONS AND CREATIVE WORKS

- 10.1 The Executive acknowledges that because of the nature of his duties and the particular responsibilities arising as a result of such duties which he owes to the Company and the Group Companies he has a special obligation to further the interests of the Company and the Group

Companies. In particular the duties of the Executive may include reviewing the products and services of the Company and Group Companies with a view to improving them by new and/or original ideas and inventions and implementing such improvements.

- 10.2 The Executive shall promptly disclose to the Company any idea, invention or work which is relevant to or capable of use in the business of the Company or any of the Group Companies made by the Executive in the course of his employment whether or not in the course of his duties. The Executive acknowledges that the intellectual property rights subsisting or which may in the future subsist in any such ideas, inventions or works created by him in the course of his employment will, on creation, vest in and be the exclusive property of the Company and where the same does not automatically vest as aforesaid, the Executive shall assign the same to the Company (upon the request and at the cost of the Company). The Executive hereby irrevocably waives any rights which he may have in any such ideas, inventions or works which are or have been conferred upon him by chapter IV of part I of the Copyright, Designs and Patents Act 1988 headed "Moral Rights".
- 10.3 The Executive hereby irrevocably appoints the Company to be his attorney in his name and on his behalf to execute and do any such instrument or thing and generally to use his name for the purpose of giving to the Company or its nominee the full benefit of the provisions of this clause 10 and acknowledges in favour of any third party that a certificate in writing signed by any Director or Secretary of the Company that any instrument or act falls within the authority hereby conferred shall be conclusive evidence that such is the case.

11 CODE OF BUSINESS CONDUCT

The Executive shall be subject to the Company's Code of Business Conduct issued by the Company to him from time to time, the current version of which is set out in Schedule 2.

12 TERMINATION BY EVENTS OF DEFAULT

- 12.1 The Appointment shall be subject to summary termination at any time by the Company by notice in writing if the Executive shall:
- (a) have committed any serious breach or (after warning in writing) any repeated or continued material breach of the obligations hereunder; or
 - (b) have committed an act of gross misconduct in connection with the performance of his duties, as determined by the Board, or have demonstrated habitual negligence in the performance of his duties, as determined by the Board; or
 - (c) shall have been guilty of any act of dishonesty or serious misconduct or any conduct which in the reasonable opinion of the Board tends to bring the Executive, the Company or any of the Group Companies into disrepute including but not limited to any serious breach of the Company's Code of Business Conduct as set out in Schedule 2; or
 - (d) be convicted of any criminal offence (excluding an offence under the road traffic legislation in the United Kingdom or elsewhere for which the Executive is not sentenced to any term of imprisonment, whether suspended or not).
 - (e) be incapacitated during the Appointment by ill-health or accident from performing his duties hereunder for an aggregate of 130 working days or more in any period of 12 months provided that this clause 12.1(e) shall not apply if using it would deprive the Executive of any permanent health insurance benefits under Clause 8.2.
- 12.2 Any delay by the Company in exercising such right to termination shall not constitute a waiver thereof provided such delay does not extend beyond 12 months.

13 INCAPACITY

- 13.1 If the Executive shall be incapacitated during the Appointment by ill-health or accident from performing his duties hereunder for an aggregate of 130 working days or more in any period of 12 months the Company may by written notice to the Executive forthwith (or as from a future date specified in the notice) discontinue payment in whole or part of the remuneration and benefits under this Agreement until such incapacity shall cease or (whether or not his remuneration and benefits shall have been discontinued as aforesaid) terminate pursuant to Clause 12.1(e) the Appointment provided that the Company shall, except where the Appointment has been terminated, take all reasonable steps to ensure that the Executive receives benefits pursuant to clauses 8.1, 8.2 and 8.3. Subject as aforesaid the said remuneration and benefits shall continue to be payable to the Executive notwithstanding such incapacity, but the Company shall be entitled to set off or deduct therefrom the amount of any sickness or other benefit to which the Executive is entitled under Social Security legislation for the time being in force. If requested by the Company, doctor's certificates must be obtained for any period of incapacity due to sickness or injury of more than 7 days (including weekends).
- 13.2 It is a condition of the Executive's employment that the Executive consents to an examination by a doctor nominated by the Company should the Company so require.
- 13.3 If the Executive's absence shall be occasioned by the actionable negligence of a third party in respect of which damages are recoverable, then all sums paid by the Company to the Executive under this clause 13 shall be reimbursed by the Executive as follows: Executive shall:
- (a) immediately notify the Company of all the relevant circumstances and of any claim, compromise, settlement or judgment made or awarded in connection therewith;
 - (b) if the Company so requires, refund to the Company such sum as the Company may determine, not exceeding the lesser of:
 - (i) the amount of damages recovered by the Executive under any compromise settlement or judgment; and
 - (ii) the sums advanced to the Executive by the Company in respect of the period of incapacity.

14 OBLIGATIONS UPON TERMINATION

Upon the termination of the Appointment howsoever arising the Executive shall:

- 14.1 at any time or from time to time thereafter upon the request of the Company, resign without claim for compensation from:

- (a) all offices held in the Company or any of the Group Companies; and
- (b) membership of any organisation and any office in any other company acquired by reason of or in connection with the Appointment;

and should he fail to do so the Company is hereby irrevocably appointed to be the Executive's Attorney in his name and on his behalf to execute any documents and to do any things necessary or requisite to give effect to this clause; and

- 14.2 deliver to the Company all documents (including, but not limited to, correspondence, lists of clients or customers, notes, memoranda, plans, drawings and other documents of whatsoever nature and all copies thereof) made or compiled or acquired by the Executive during the Appointment and concerning the business, finances or affairs of the Company or any of the Group Companies or customers together with all other property of or relating to the business of the

Company or any of the Group Companies which may be in the Executive's possession or under the Executive's power or control.

15 RECONSTRUCTION AND AMALGAMATION

If at any time the Executive's employment is terminated in connection with any reconstruction or amalgamation of the Company or any of the Group Companies whether by winding up or otherwise and the Executive receives an offer on terms which (considered in their entirety) are not less favourable to any material extent than the terms of this agreement from a company involved in or resulting from such reconstruction or amalgamation the Executive shall have no claim whatsoever against the Company or any such company arising out of or connected with such termination.

16 NOTICES

Any notice to be given hereunder shall be in writing. Notices may be given by either party by personal delivery or post or by fax addressed to the other party at (in the case of the Company) its registered office for the time being and (in the case of the Executive) his last known address and any such notice given by letter or fax shall be deemed to have been served at the time at which the letter was delivered personally or transmitted or if sent by post would be delivered in the ordinary course of first class post.

17 PREVIOUS CONTRACTS

17.1 This agreement is in substitution for any previous contract of service between the Company or any of the Group Companies and the Executive which shall be deemed to have been terminated by mutual consent as from the commencement of the Appointment (including, for the avoidance of any doubt, the Executive Service Agreement between the Company and the Executive dated 3 November 1999 which shall be deemed to have been terminated by mutual consent as from the commencement of the Appointment and not terminated in the circumstances referred in Clause 2.3 of that agreement).

17.2 The Executive hereby warrants and represents to the Company that he will not, in entering into this agreement or carrying out his duties hereunder, be in breach of any terms of employment whether express or implied or any other obligation binding upon him.

18 PROPER LAW

This agreement shall be governed and construed in all respects in accordance with English law.

19 CONSTRUCTION

19.1 The headings in this agreement are inserted for convenience only and shall not affect its construction.

19.2 Any reference to a statutory provision shall be construed as a reference to any statutory modification or re-enactment thereof (whether before or after the date hereof) for the time being in force.

20 STATUTORY INFORMATION, POLICIES AND SCHEDULES

20.1 This agreement constitutes a written statement as at the date hereof of the terms of employment of the Executive in compliance with the provisions of the Employment Rights Act 1996.

20.2 There are no collective agreements applicable to the Executive.

- 20.3

The Executive will observe such rules, regulations and policies relating to the grievance and disciplinary procedure as the Company may from time to time notify to the Executive.
- 20.4

If the Executive is dissatisfied with any disciplinary decision relating to him he should apply orally or in writing to his Supervisor(s). Any application for the purpose of seeking redress of any grievance relating to the Executive's employment should be made either orally or in writing to his Supervisor(s).
- 20.5

The Executive shall comply with all of the Company's rules, regulations and policies in force from time to time.
- 20.6

This agreement together with Schedules 1 and 2 constitute the entire agreement between the Executive and the Company.

21 DATA PROTECTION

The Executive consents to the Company or any Group Company holding and processing both electronically and in hard copy form any personal and sensitive data relating to the Executive for the purposes of Executive-related administration, processing the Executive's file and management of its business, for compliance with applicable procedures, laws and regulations and for providing data to external suppliers who administer the Executive's benefits solely for the purpose of providing the Executive with those benefits. It may also be necessary for the Company to forward such personal and sensitive information to other offices it may have or to another Group Company outside the European Economic Area where such a company has offices for storage and processing for administrative purposes and the Executive consents to the Company doing so as may be necessary from time to time.

IN WITNESS whereof this agreement has been executed on the date stated on the first page of this agreement.

Signed as a deed by the said
SHANE O'NEILL
in the presence of:

/s/ Amanda Bay
AMANDA BAY

)
)
)

/s/ Shane O'Neill

Signed by Ton Tuijten
Duly authorised for and on behalf of
UPC SERVICES LIMITED
in the presence of:

/s/ Neil Foulger
NEIL FOULGER

)
)
)
)

/s/ Ton Tuijten

SCHEDULE 1
TRADE SECRETS, CONFIDENTIAL INFORMATION AND NON-COMPETITION

During the Appointment, the Executive will acquire knowledge of confidential and propriety information regarding, among other things, the Company's and the Group's present and future operations, its customers and suppliers, pricing and bidding strategies, and the methods used by the Company and its Executives.

Therefore, the Executive hereby agrees to the following:

- A. During the Appointment and after the termination of the Appointment the Executive will hold in a fiduciary capacity for the benefit of the Company, and shall not directly or indirectly use or disclose any Trade Secret, as defined below, that the Executive may acquire during the Appointment for so long as such information remains a trade secret. The term "**Trade Secret**" as used in this agreement shall mean information including, but not limited to, technical or non-technical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, product plans or a list of actual or potential customers or suppliers which:
- (1) derives economic value, actual or potential from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use; and
 - (2) is the subject of reasonable efforts by the Company or its Group to maintain its confidentiality.
- B. In addition to A above and not in limitation thereof, the Executive agrees that, during the Appointment and for a period of 2 years after termination, the Executive will hold in a fiduciary capacity for the benefit of the Company and the Group, and shall not directly or indirectly use or disclose, any Confidential or Proprietary information, as defined below, that the Executive may have acquired (whether or not developed or compiled by the Executive and whether or not the Executive was authorised to have access to such information) during the term of, in the course of or as a result of the Appointment. The term "**Confidential or Proprietary Information**" as used in this agreement means any secret, confidential, or proprietary information of the Company not otherwise included in the definition of "Trade Secret" above and does not include information that has become generally available to the public by the act of one who has the right to disclose such information without violating any right of the client to which such information pertains.
- C.
- 1. In this Section C
 - 1.1 "**Restricted Business**" means those of the businesses of the Company and any Group Company at the time of the termination of the Appointment with which the Executive was involved to a material extent during the period of 12 months ending on the date of the termination of the Appointment;
 - 1.2 "**Restricted Customer**" means any firm, company or other person who, during the period of 12 months ending on the date of the termination of the Appointment, was a customer of or in the habit of dealing with the Company or any Group Company and with whom the Executive had contact or about whom the Executive became aware or informed in the course of the Appointment; and
 - 1.3 "**Restricted Executive**" means any person who, at the date of the termination of the Appointment, either:
 - (a) was employed by the Company or any Group Company at a level at least equal to the Executive and was a person with whom the Executive had material contact; or

(b) was employed by the Company or any Group Company and reported to the Executive directly or indirectly at any time during the 12 months prior to the termination of the Appointment.

2. The Executive will not, for a period of 6 months after the termination of the Appointment, solicit or endeavour to entice away from the Company or any Group Company the business or custom of a Restricted Customer with a view to providing goods or services to that Restricted Customer in competition with any Restricted Business.
3. The Executive will not, for a period of 6 months after the termination of the Appointment, provide goods or services to or otherwise have any business dealings with any Restricted Customer in the course of any business concern which is in competition with any Restricted Business.
4. The Executive will not, for a period of 6 months after the termination of the Appointment, in the course of any business concern which is in competition with any Restricted Business solicit or endeavour to entice away from the Company or any Group Company any Restricted Executive or employ or otherwise engage the services of, whether as Executive, consultant, or otherwise, any Restricted Executive.
5. The obligations imposed on the Executive by this Section C extend to the Executive acting not only on the Executive's own account but also on behalf of any other firm, company or other person and shall apply whether the Executive acts directly or indirectly.

D. The covenants contained in this Schedule shall inure to the benefit of the Company, and successor of it and every Group Company.

SCHEDULE 2
UNITEDGLOBALCOM, INC. GROUP OF COMPANIES
Code of Business Conduct for All Employees
Amended and Restated March 11, 2004

Introduction

UnitedGlobalCom, Inc. (the "Company"), is committed to conducting its business with honesty and integrity. This Code of Business Conduct (this "Code") is designed to fulfill this mandate. It is also intended to help each of us focus on the duty we owe to each other, to the Company's stockholders and to others with whom we do business to conduct ourselves honestly and ethically.

This Code applies to each of the Company's and to all other companies in which the Company directly or indirectly owns and has the right to vote shares or other interests representing more than 50% of the voting power of such companies (the "Controlled Companies") with respect to the election of directors or similar officials, and to the directors, officers and employees thereof (referred to collectively as "employees"). Notwithstanding the foregoing, unless otherwise determined by the Board of Directors, this Code does not apply to (i) any Controlled Company and its employees if the Controlled Company is an "issuer" as defined in Section 2(a)(7) of the Sarbanes-Oxley Act of 2002 (generally, a company that files disclosure documents with the Securities and Exchange Commission), or (ii) any other Controlled Company that is excluded from the application of the Code by the Board of Directors; provided, however, that such Controlled Company has its own Code of Business Conduct, which has been approved by its board of directors. A violation of the standards contained in this Code will result in disciplinary action, up to and including possible dismissal.

Company Assets

Company assets should be safeguarded and used for Company business only, except for limited personal use approved by your supervisor that does not interfere with Company use. This includes protection of the Company's physical facilities, office equipment (for example, all computer-related equipment, furniture and supplies), computer software, records, intellectual property rights and third party information. We also must safeguard the Company's trademarks and other proprietary information, as discussed in the section "Confidential Information."

Compliance with Laws

In conducting our business, the Company and every employee must obey and comply with applicable laws, rules and regulations. It is your job to be aware of those rules and to comply with the legal requirements affecting you and your job.

You may learn information about the Company or companies with whom we do business that is unavailable to the public. Such information may be "insider information" within the meaning of the U.S. federal securities laws. As provided in the Company's policy on trading in Company securities, you may not use inside information when making personal investment decisions or investment decisions for others regarding our stock or the stock of companies with whom we do business. In addition, you may not pass insider information on to persons outside the Company. This includes family and friends.

If you have any questions regarding compliance with these laws and principles, please call a member of the Company's Legal Department immediately. Remember that compliance with this Code is your responsibility.

Confidential Information

You shall not, during or after your employment, disclose to or use for the benefit of any person or entity other than the Company, any Company confidential information that you develop or receive during employment. "Confidential information" refers to information that is not available to the public. For example, Company confidential information includes:

- trade secrets, research and development information, product and marketing plans;
- personnel data, financial data, product and service specifications, prototypes, software, models, business planning models, customer lists;
- information relating to current and future business plans, strategies and methods, divestitures, mergers, acquisitions and marketing and sales plans and data;
- technical and engineering information; and
- other information relating to the Company, its subsidiaries or its customers.

If you are unsure about the confidential nature of specific information you must ask your supervisor or a member of the Company's Legal Department for clarification. You must return to the Company all Company confidential information when their employment ends.

You should use reasonable care to protect the confidentiality of all Company confidential information, and should not disclose Company confidential information to unauthorized persons. This means that you should exercise care when discussing Company matters in the presence of third parties, and should contact the Company's Legal Department before disclosing Company confidential information to a third party. Company confidential information should never be disclosed for personal profit or for the advantage of yourself or anyone else.

Also, you should not accept any confidential information from any third party without approval of his/her supervisor or a member of the Company's Legal Department. If you have third party confidential information, you must take care to observe the terms of any agreement under which such confidential information has been received from the third party, and not to violate the rights of the third party. Particular care should be taken when dealing with competitors and former employees. You must never knowingly request, accept, use or disclose the confidential information of these parties unless you have consulted with your supervisor or a member of the Company's Legal Department. In addition, you may not disclose, or induce any other employee to disclose, any former employer's confidential information, or ask a third party to violate a non-compete or non-disclosure agreement.

You will be subject to appropriate disciplinary action, up to and including dismissal, for knowingly or unknowingly (such as through casual conversation) revealing confidential information of the Company or of a third party.

Conflicts of Interest

You must avoid any situation that involves or may involve a conflict between your personal interest and the interest of the Company. A conflict of interest occurs when personal interests interfere with your ability to (i) exercise good judgment concerning the Company's best interests or (ii) do your job at the Company in a way that is in the best interest of the Company. You may not use Company property, information or position for personal gain, including by taking for yourself personal opportunities that are discovered through the use of Company property, information or position. You must make prompt and full disclosure in writing to senior management of any potential conflict of interest situation and receive written approval from senior management regarding the situation. You should avoid even the appearance of such a conflict.

Examples of conflict situations include:

- Ownership, directly or indirectly (including through family members), of more than a modest financial interest in any outside entity that does or seeks to do business with the Company or a competitor of the Company.
- Serving as a director, officer, partner, consultant, or in a managerial or technical capacity with an outside entity that does or is seeking to do business with the Company or a competitor of the Company.
- Acting as a broker, finder, go-between or otherwise for the benefit of a third party in transactions involving or potentially involving the Company or its interests.
- Buying or selling assets to/from the Company.
- Using Company-owned assets for other than Company-related business.
- Business relationships between the Company and any person who is a relative or personal friend or an entity controlled by any such person.
- Compete or prepare to compete with the Company while still employed by the Company.

There are other situations in which a conflict of interest may arise. If you have any question regarding whether a type of action may create a conflict of interest situation, you should consult a member of the Company's Legal Department. Also, if you become aware of any material transaction or relationship that could reasonably be expected to give rise to such a conflict of interest, or if you have concerns about any situation, follow the steps outlined in the section "Reporting Ethical Violations."

Fraudulent Activities

Fraudulent Activities encompass an array of irregularities and illegal acts characterized by intentional deception. Fraud can be perpetrated by persons outside as well as inside the Company. No one has the authority to commit illegal acts related to the Company. Fraudulent activities include acts that are not only a detriment to the Company, but also a detriment to third parties. Engaging in any act that involves fraud, theft, embezzlement or misappropriation of any property, including that of the Company, or any of its employees, suppliers or customers is strictly prohibited. It is the Company's policy to ensure that incidents of fraud related to the Company are promptly investigated, reported and, where appropriate, prosecuted. Some examples of fraudulent conduct are:

- Falsification of financial records such as valuation of transactions, amount of income/loss, or failure to disclose financial information;
- Acceptance of bribes or kickbacks, see the Section "Gifts, Entertainment and Bribes";
- Diversion of potentially profitable transactions outside the Company;
- Claims submitted for services or goods not actually provided to the Company or a third party;
- Embezzlement; and
- Intentional concealment or misrepresentation of events or information, including expense reimbursement.

Work Conduct

Conduct that interferes with operations of the Company, discredits the Company, or is offensive to third parties or coworkers will not be tolerated. You are expected to observe the highest standard of conduct in your relationships with other employees, shareholders, suppliers, government officials and the general public in order to represent the best interests of the Company. Appropriate employee conduct includes:

- Refraining from behavior or conduct which is contrary to the Company's best interests;
- Reporting to management suspicious, unethical, or illegal conduct by coworkers or suppliers; and
- Reporting to management any threatening or potentially violent behavior by coworkers.

The following conduct is prohibited and individuals engaged in it will be subject to discipline, up to and including possible termination:

- Engaging in or threatening any acts in violation of the Workplace Violence Policy or the Harassment Policy.
- Committing any illegal act, except minor traffic offenses.
- Being under the influence of alcohol, an intoxicant, illegal drug or narcotic while at work; having possession of, selling, giving or circulating alcohol, drugs or sources of drugs, intoxicants or narcotics to other employees. Moderate alcohol consumption at events provided by the Company is, however, permissible.
- Stealing, destroying, defacing, or misusing Company property or another employee's property;
- Misusing Company communications systems, including electronic mail, computers, Internet access, and telephones. Misuse includes excessive personal telephone calls or emails. See Internet and E-mail Policy.
- Disobedience or insubordination, or the use of abusive, threatening, or obscene language.
- Failing to comply with any Company policy.

The examples of prohibited behavior described above are not intended to be an all-inclusive list. Employees who participate in any conduct that is in violation of this Code shall be subject to disciplinary action, up to and including possible termination. In addition, if the conduct in question is an illegal act, such as fraud, the Company will report and, where appropriate, prosecute the employee to the fullest extent permitted by law.

Gifts, Entertainment and Bribes

The Company expects you to conduct the Company's business with integrity and to comply with all applicable laws in a manner that excludes considerations of personal advantage or gain. Employees shall maintain the highest ethical standards in the conduct of Company affairs.

- Other than for modest gifts given or received in the normal course of business (including travel or entertainment), neither you nor your relatives may give gifts to, or receive gifts from, the persons doing business with the Company. Other gifts may be given or accepted only with prior approval of your senior management. In no event should you put the Company or yourself in a position that would be embarrassing if the gift was made public.
- No gifts or business entertainment of any kind may be given to any government official without the prior approval of the Company's Legal Department. For such approval to be given, the gift must be in compliance with this Code and not in violation of the Company's Foreign Corrupt Practices Policy.
- Appropriate business entertainment in connection with business discussions or the development of business relationships is generally acceptable. Such entertainment may include business-related meals and trips, refreshments before and after business meetings and tickets to sporting, theatrical or cultural events. Notwithstanding the foregoing, any entertainment that would cause a feeling or expectation of personal obligation should not be extended or accepted.
- If an employee has any question regarding the type of gift or entertainment to be given or received, he or she should consult with a member of the Company's Legal Department.
- Reimbursement for gifts and entertainment will be made in accordance with the Company's business expense policy.

Any employee who pays or receives bribes or kickbacks will be subject to disciplinary action, which may include being immediately terminated and reported, as warranted, to the appropriate authorities. A kickback or bribe includes any item intended to improperly obtain favorable treatment.

Political Contributions

No Company funds may be given directly to political candidates. You may, however, engage in political activity with your own resources on your own time.

Reporting Ethical Violations

If you become aware of a suspected ethical violation, whether before or after it has occurred, you must promptly report it to a member of the Company's Legal Department in the country in which you are located. If you still are concerned after speaking with the Company's Legal Department or feel uncomfortable speaking with such person (for whatever reason), you may contact the Chief Financial Officer, President or Chief Executive Officer. You have the Company's commitment that you will be protected from retaliation as stated in the Company's non-retaliation policy.

Report of ethical violations will be kept confidential to the extent possible, consistent with the Company's need to investigate and take action regarding the matter. Employees are also expected to keep information regarding such matters confidential and understand that they are expected to fully cooperate with any such investigation.

Waivers

Under appropriate circumstances, the Company may waive application of this Code to certain otherwise prohibited conduct. A waiver must be requested in advance and in writing, and the request must describe the contemplated conduct for which the waiver is sought and why a waiver would be appropriate under the circumstances.

If you are a director or executive officer, a waiver request must be directed to the independent members of the Board of Directors. The waiver may be granted only by a vote of such Board members following a determination by the Legal Department that a waiver is appropriate under the circumstances. The reasons for granting the waiver should be recorded in the minutes of the meeting at which it was granted and the waiver must be accompanied by appropriate controls designed to protect the Company.

If you are not a director or executive officer, a waiver request must be directed to the Legal Department. The waiver may be granted only following a determination by the Legal Department that the waiver is appropriate under the circumstances and accompanied by appropriate controls designed to protect the Company.

The Company will post on its web site for a period of at least 12 months a description of any changes to, amendments or waivers of this Code applicable to directors or executive officers. Implicit waivers due to inaction by Company management with respect to reported or known Code violations shall be similarly disclosed.

Conclusion

Each employee is responsible for safeguarding and promoting the Company's ethics and business reputation. Of course, doing the right thing is not always easy. Many situations will involve subtleties and complexities that lead to difficult choices. When in doubt, take a step back to ask yourself whether the situation feels right, and consider whether you feel confident that your actions would withstand scrutiny. If necessary, take another careful look at this Code for guidance and seek advice from a supervisor or other colleague. Your actions should not have even the appearance of impropriety. You should be able to feel comfortable that your actions would not embarrass yourself, your colleagues or the Company's stockholders should it turn out that your conduct becomes "front page" news.

If you are uncertain about a contemplated course of action or have questions about this Code, you should raise the issue with a member of the Company's Legal Department or another member of senior management with whom you feel comfortable. If you still are uncomfortable, please follow the steps outlined above in the section "Reporting Ethical Violations."

Any employee who ignores or violates any provision of this Code, and any manager who penalizes a subordinate for trying to follow this Code, will be subject to corrective action, up to and including possible termination. Simply put, the Company seeks to employ people who believe that honest and ethical behavior is not only good business, but also the right thing to do personally.

This Code will be posted to the Company's website at www.unitedglobal.com, and will be filed as an exhibit to the Company's annual report on Form 10-K.

UnitedGlobalCom, Inc. reserves the right to amend or cancel this Policy at any time.

QuickLinks

[Exhibit 10.16](#)

CONSULTING AGREEMENT

Consulting Agreement ("Agreement") dated as of December 6, 2004, but effective as provided in Paragraph 1(B), between UnitedGlobalCom, Inc., a Delaware corporation, (the "Company") and Mark L. Schneider ("MLS") who resides in London, England.

RECITALS

MLS has agreed to serve as a consultant to the Company under the terms of this Agreement as specifically requested from time to time by the Chief Executive Officer of the Company. This Agreement is intended to describe the entire relationship between MLS and the Company with respect to his consulting services to the Company. MLS is simultaneously entering into a Severance, Non-Competition, Waiver and Release Agreement (the "Severance Agreement") with the Company that deals with, among other things, his resignation as an officer of chello media N.V.

The Company provides broadband communications services (which includes, without limitation, any one or more of video programming and distribution, interactive television, telephone and Internet access services) ("Broadband Services") and operates related businesses throughout Europe and in other countries.

AGREEMENT

For good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Company and MLS agree as follows.

1. *Term, Effectiveness.*

(a) *Term.* The Company agrees to retain MLS and MLS agrees to serve the Company for a period beginning on January 1, 2005 ending December 31, 2006 (the "Consulting Period"). (References in this Agreement to the "Consulting Period" shall mean such two-year period, even if this Agreement is earlier terminated pursuant to Section 5.)

(b) *Effectiveness of Agreement.* This Agreement shall become effective when the Severance Agreement described below becomes binding upon MLS, but not earlier than December 31, 2004. If the Severance Agreement has not become effective by January 1, 2005, this Agreement shall terminate.

2. *Duties; Supervision.* For up to 90 days, including travel days, each calendar year, MLS will consult with the Company with respect to Broadband Services as specifically requested by the Chief Executive Officer ("CEO") of the Company or such other officer of the Company as the Chief Executive Officer shall from time-to-time designate as the officer responsible for the supervision of MLS's services hereunder (the CEO or designated officer is referred to hereafter as the "Executive Officer"). MLS shall report to the Executive Officer with respect to MLS's services hereunder and shall be subject to the Executive Officer's sole supervision. MLS may also provide services to entities in which the Company owns, directly or indirectly, an equity interest ("Related Companies") if specifically requested by the Executive Officer. MLS will also act as the Company's designated director at the request of the Executive Officer and agreement by MLS to so act, on the boards of one or more Related Companies (the "Board Companies") so long as the Executive Officer requests that MLS so act. In performing his duties hereunder, MLS will comply with applicable law and the Company's Code of Conduct.

3. *Compensation; Reimbursements.*

(a) *Payments, Benefits.* The Company shall pay MLS an annual consulting fee of Euro 450,000 during the Consulting Period in equal quarterly installments, payable at the end of each calendar

quarter for the preceding quarter. MLS shall be entitled to elect to continue coverage, at the Company's expense, under the Company's health and dental insurance for the period required by the Consolidated Omnibus Budget Reconciliation Act ("COBRA"). If MLS is not entitled to COBRA coverage during any period of this Agreement, the Company shall pay to MLS, as additional compensation, a monthly amount sufficient to allow MLS to obtain coverage comparable to what MLS was obtaining under COBRA. MLS will not be entitled to participate in the Company's Tax Equalization Policy ("Equalization Policy") or be entitled to any other benefits or perquisites provided by the Company to any of its officers or directors. Business and travel expenses shall be consistent with the Company's business expense policy.

(b) *Office Expenses.* Until March 31, 2005, the Company will allow MLS the use of office space and administrative support at the Company's offices. During the remainder of the Consulting Period, the Company will reimburse MLS for reasonable office expenses of comparable quality approved in advance by the Executive Officer and incurred by MLS in London, England, including actual rent incurred by MLS for office space leased by him, salary of a secretary, expenses for office equipment and supplies, accounting services, an agreed upon percentage of communications costs, consistent with the Company's business expense policy, including cell phone and blackberry and the costs of forwarding email and similar correspondence to MLS's new contact details for an appropriate period of time to further a transition. MLS can use secretarial or other services of the Company only with prior approval of the Executive Officer.

(c) *SARs.* The 412,000 stock appreciation rights ("SARs") with a base price of \$2.87 and 412,000 SARs with a base price of \$4.57 granted by the Company to MLS on October 7, 2003, pursuant to its Equity Incentive Plan that was effective September 1, 2003, (the "SARs Plan") that are held by MLS as of the date of this Agreement and that are not vested pursuant to the Severance Agreement, shall each vest in two equal annual installments on the anniversaries of this Agreement. Vesting may be accelerated as provided in Paragraph 5(d). If, as a result of changes in the tax laws in October 2004, the Company modifies the Equity Incentive Plan for its employees in relation to the SARs granted in October 2003, the Company will consider offering such modifications to MLS if the Company determines that it is reasonable and appropriate and that it can do so without any adverse legal or economic impact to the Company. If, as a result of changes in the tax laws in October 2004, the Company modifies the Equity Incentive Plan for its employees in relation to the SARs granted in October 2003, but determines that MLS cannot participate in that modification because of his status as a consultant, Company will consider a proposed modification from MLS that would apply to him as a consultant, if the Company determines that it is reasonable and appropriate and that it can do so without any adverse legal or economic impact to the Company.

(d) *Expenses.* The Company shall pay directly or reimburse MLS for the reasonable amount of hotel, travel, entertainment and other expenses necessarily incurred by MLS in the discharge of duties specifically assigned by the Executive Officer hereunder and provided such duties and the expenses associated with such duties are approved in advance by the Executive Officer, upon submission and approval of written statements and bills in accordance with the then regular procedures and standards of the Company for reimbursement of expenses.

(e) *No Director's Fees.* Unless specifically agreed otherwise, during the Consulting Period, MLS will not be separately compensated by the Company or any Related Company for his services as a director of the Board Companies, but MLS will be entitled to reimbursement of expenses incurred in performing his duties as a director of the Board Companies on the same basis that employees of the Company and its Related Companies are reimbursed for expenses that they incur as a director of the Board Companies.

4. *Tax Liability.* MLS will be responsible for any and all taxes owed to any local, state and federal or foreign government agency as a result of any payments received under this Agreement and such payments shall not be subject to the Company's Tax Equalization Policy.

5. *Termination.*

(a) If during the term of this Agreement either

(i) (A) the Company shall determine that it is desirable to terminate this Agreement or (B) the Company shall breach any material term of this Agreement and shall fail to correct such breach within 20 days after notice by MLS to the Company of its commission of the breach; or

(ii) (A) MLS shall be convicted of a felony involving moral turpitude, (B) MLS shall breach any material term of this Agreement, and shall fail to correct such breach within 20 days after notice by the Company to MLS of such breach, or (C) MLS shall desire to terminate this Agreement other than pursuant to Subparagraph 5(a)(i)(B) above,

then, and in each such case, either the Company or MLS (whichever is applicable) shall have the right to give notice of termination of MLS's services hereunder. This Agreement and MLS's services hereunder shall terminate on the date specified in such notice, which date shall not be sooner than the date such notice is given.

(b) If MLS shall die or be adjudicated insane or incompetent during the term of this Agreement, then this Agreement shall terminate on the date of MLS's death or adjudication, as applicable.

(c) In the case of a termination pursuant to Subparagraph 5(a)(ii), MLS shall be entitled to receive the compensation, benefits and reimbursements (including, without limitation, payment of office expenses) at the rates and at the times provided in Section 3 only to the date on which such termination is effective and shall not thereafter be entitled to any compensation, benefits or reimbursements under this Agreement and the remaining, unvested SARs shall be forfeited as provided in the SARs Plan.

(d) In the case of a termination pursuant to Subparagraph 5(a)(i) or Paragraph 5(b), (i) MLS or his personal representative shall be entitled to receive MLS's compensation, including all the benefits and payments described in Paragraph 3(a), after the date of termination at the rate and at the times provided in Section 3 to the end of the Consulting Period and (ii) all SARs held by MLS that are not vested as of the date of such termination shall immediately vest. MLS shall be solely responsible for any adverse tax consequences resulting from the vesting of SARs pursuant to this Agreement.

6. *Confidentiality.* MLS agrees that during the Consulting Period (otherwise than in the performance of his duties hereunder) and thereafter, he shall use his reasonable efforts to prevent the public disclosure of any confidential or proprietary information concerning the business, accounts or finances of the Company or any Related Company that have come to his knowledge during his employment or consulting services with the Company or any Related Company, and which have not previously been publicly disclosed, except in response to a valid order of a court or other governmental body of the United States or otherwise required by applicable law, and only after providing the Company notice and the opportunity to respond to such third parties regarding such disclosure.

7. *Delivery of Materials.* MLS agrees that at the request of the Company upon the termination of this Agreement he will deliver to the Company all documents, papers, materials and other property of the Company or any Related Company relating to their affairs, which may then be in his possession or under his control.

8. *Remedies.*

(a) Upon any material breach by MLS of the terms of this Agreement, the Company and any Related Company shall be entitled, in addition to any other remedies available to it if it so elects, to institute and prosecute proceedings at law or in equity to obtain damages with respect to such breach

or to enjoin MLS from engaging in any activity in violation hereof. MLS agrees that any breach or threatened breach by MLS of any of Sections 6 or 7 hereof may cause immediate, irreparable injury to the Company and any affected Related Company and that money damages may not provide an adequate remedy for any such breach or threatened breach. Accordingly, MLS hereby agrees that upon any such breach or threatened breach by him of such Sections the Company or any affected Related Company shall be entitled, in addition to any other lawful remedies that may be available to it, to seek injunctive relief.

(b) The Company and any Related Company may, in addition to the remedies described in Paragraph 8(a), sue for damages for breach of this Agreement by MLS.

(c) MLS agrees that his sole and exclusive remedy for any breach of this agreement by the Company shall be the termination of this Agreement and, upon such termination, the receipt by him of any amounts due him hereunder as provided in Section 5.

9. *Resignation from other Boards.* MLS hereby resigns from the boards of directors or other governing bodies of each Related Company and as an officer of each of them, and will resign as a director of any Board Company upon request of the Executive Officer.

10. *Independent Contractor.* MLS will serve, pursuant to this Agreement, as an independent contractor and not as an employee of the Company or any Related Company. MLS shall not be entitled to unemployment insurance benefits, workers' compensation benefits or any other benefits not already included herein provided to employees of the Company; the Company will not withhold any taxes from MLS's compensation, nor will it make any FICA contributions on MLS's behalf, and MLS is obligated to pay federal, state and local income tax on any monies paid pursuant to this Agreement. Any and all tax withholdings and estimated or other tax payments relating to MLS's compensation under this Agreement will be solely the responsibility of MLS and MLS will defend and indemnify the Company from and against any and all losses or liabilities, including defense costs, arising out of MLS's failure to pay any taxes due with respect to monies paid pursuant to this Agreement. Although no currently required or anticipated, the Company reserves the right to withhold taxes from monies paid pursuant to this Agreement if it legally required to do so, and will notify MLS accordingly. This Agreement does not authorize MLS to act for the Company as its agent or to make commitments on behalf of the Company. MLS and the Company intend that an independent contractor relationship be created by this Agreement, and nothing herein shall be construed as creating an employer/employee relationship, partnership, joint venture or other business group or concerted action. MLS shall not hold himself out as an agent of the Company for any purpose, and shall have no authority to bind the Company to any obligation whatsoever.

11. *Publicity.* The Company and MLS shall mutually agree upon any press release or similar public relations matters with respect to MLS's resignation from the Company and the terms of this Agreement. The Company may, however, make any press release or securities law filing or other disclosure concerning this Agreement and the Severance Agreement that its counsel advises is necessary or advisable without MLS's consent.

12. *Survival.* The covenants, agreements, representations and warranties contained in or made pursuant to this Agreement shall survive termination of this Agreement as provided herein.

13. *Notices.* All notices to be given hereunder shall be deemed duly given when delivered personally in writing, sent by fax to the numbers provided below, or five days after mailed, certified mail, return receipt requested, postage prepaid and addressed as follows:

If to be given to the Company:

UnitedGlobalCom, Inc.
4643 South Ulster Street
Suite 1300
Denver, Colorado 80237

Fax: (303) 770-8464
Attn: Chief Executive Officer
cc: Legal Department

If to be given to MLS:

Mark L. Schneider

UnitedGlobalCom, Inc.
4643 South Ulster Street
Suite 1300
Denver, Colorado 80237
Telephone: (303) 220-6605
Fax: (303) 770-3464

or to any such address or fax number as either of the parties may furnish to the other in writing in accordance with this Section 13 except that notices of change of address or fax number shall not be deemed given until received.

14. *Miscellaneous.* This Agreement may not be amended nor may any provision hereof be waived, except by an instrument in writing duly signed by the party sought to be charged with such amendment or waiver, and constitutes the entire agreement between the Company and MLS with respect to the subject matter hereof.

15. *Controlling Law, Venue.* This Agreement shall be interpreted, governed and controlled by the internal laws of the State of Colorado, without reference to principles of conflict of laws. Except to obtain injunctive relief as provided in paragraph 8(a) above, any dispute arising out of or under this Agreement shall be resolved in an arbitration proceeding brought under the American Arbitration Association rules and procedures in effect at the time the proceeding is initiated and shall be heard in Denver, Colorado. Executive hereby consents to such jurisdiction and venue.

16. *Taxes.* MLS agrees that he shall be solely responsible for all taxes, additions to tax, penalties and interest of any kind resulting from the actions contemplated by this Agreement and any other agreement associated with this Agreement.

17. *Governing Law.* This Agreement is governed by the laws of the State of Colorado. Except as provided in paragraph 8(a) above, any dispute arising out of or under this Agreement shall be resolved in an arbitration proceeding brought under the American Arbitration Association rules and procedures in effect at the time the proceeding is initiated and shall be heard in Denver, Colorado. MLS hereby consents to such jurisdiction and venue.

18. *Approval.* This Agreement has been approved by the Compensation Committee and the Related Party Committee of the Board of Directors of the Company.

UNITEDGLOBALCOM, INC.

By: /s/ MICHAEL T. FRIES

Name: Michael T. Fries
Title: *President & Chief Executive Officer*

/s/ MARK L. SCHNEIDER

Mark L. Schneider

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[CONSULTING AGREEMENT](#)

SEVERANCE, NONCOMPETITION, WAIVER AND RELEASE AGREEMENT

This Severance, Noncompetition, Waiver and Release Agreement (this "Agreement") dated December 6, 2004, between UnitedGlobalCom, Inc., a Delaware corporation, (the "Company"), and Mark L. Schneider ("MLS"), who resides in London, England.

RECITALS

- A. MLS has been employed by the Company in various capacities, with his most recent assignment as Chief Executive Officer of chello media BV.
- B. The Company and MLS have agreed that MLS's employment with the Company and secondment to chello media BV shall terminate on December 31, 2004. Thereafter for two years, MLS will act as a consultant to the Company, pursuant to a Consulting Agreement dated December 31, 2004 (the "Consulting Agreement"), and will serve, at the pleasure of the CEO of the Company.
- C. The Company desires fully and completely to resolve all differences with MLS and implement the Company's severance arrangements with MLS.

AGREEMENT

In consideration of the following conditions, covenants, and agreements, the sufficiency of which the parties acknowledge, the parties agree as follows:

- 1. *Termination of Employment.* MLS's employment with the Company shall end on December 31, 2004, and he shall continue to receive his salary through that date.
- 2. *Consideration.* In consideration for this Agreement, the Company will provide MLS with the following upon the termination of his employment and his acknowledgement and reaffirmation of the terms of this Agreement:
 - a. Payment in the amount of \$1,203,614.85, less applicable payroll taxes, if any, which amount equals two times MLS's salary for calendar year 2004.
 - b. Two years of accelerated vesting of the 412,000 stock appreciation rights ("SARs") at a base price of \$2.87 per share and 412,000 SARs at a base price of \$4.57 per share granted by the Company on October 7, 2003, pursuant to its Equity Incentive Plan that was effective September 1, 2003. MLS shall be entitled to exercise his vested SARs at any time up until December 31, 2005, at which time any unexercised SARs shall be cancelled.
 - c. Extension for three years, to December 31, 2007, of the time for MLS to exercise the options for 1,000,000 shares of the Company's stock which are currently existing and outstanding.
- 3. *Tax Liability.* MLS shall be responsible for any and all taxes owed to any local, state, federal or foreign government agency as a result of any of the consideration received in paragraph 2 above. The consideration paid in paragraph 2 will not be subject to the Company's Tax Equalization Policy.
- 4. *Noncompetition Agreement.*
 - a. MLS agrees that for two years after the date of termination of employment ("Date of Termination"), MLS will not, without the consent as defined in the consulting agreement of the Company, (i) Participate In (as defined below) any entity or organization in the business of providing broadband communications services (which term shall include, without limitation, any one or more of video programming and/or distribution, interactive television, telephone and

Internet access services) in competition with the Company or any of its subsidiaries in the respective geographic areas (the "Territory"), where the Company or its subsidiaries conducted such businesses at the Date of Termination ("Restricted Business") and, in view of the continuing expansion by the Company of its broadband services in Europe, all of Europe shall be considered one geographic area and any activities of MLS European countries related to broadband services shall be deemed "in competition with the Company" for purposes of this paragraph and prohibited, or (ii) directly or indirectly solicit or interfere with, or endeavor to entice away from the Company or its subsidiaries any of their respective suppliers, customers or employees. The employment by MLS or a business that MLS Participates In of a person employed or formerly employed by the Company shall not be prohibited by the foregoing provision if such person sought out employment on his own initiative without initial encouragement, direct or indirect, by MLS.

b. The term "Participate In" shall mean: "directly or indirectly, for his own benefit or for, with or through any other person, entity or corporation, own, manage, operate, or participate in the ownership, management, operation or control of, or be connected as a director, officer, employee, partner, member, consultant, advisor, agent, independent contractor, creditor, guarantor, financial backer, stockholder, investor or otherwise with, or acquiesce in the use of his name in." Notwithstanding the foregoing, MLS shall not be deemed to Participate In a Restricted Business merely because MLS (a) owns not more than 10% of the outstanding equity of an entity, or (b) is employed by or acts as a consultant, advisor or independent contractor to a business unit of an entity or organization that is not related, directly or indirectly, to the Restricted Business of such entity or organization.

c. MLS acknowledges and agrees that the time, geographic area and scope limitations of the MLS's obligations in subparagraph 4(a) above are reasonable and do not impose a greater restraint than is necessary to protect the good will or other business interests of the Company. MLS further acknowledges that he will not be precluded from gainful employment if obligated not to compete with the Company during the period specified above and within the Territory.

d. The covenants contained in this Agreement shall be construed as a series of separate covenants, one for each geographic area in the Territory. Except for geographic coverage, each such separate covenant shall be deemed identical in terms to the covenant set forth in subparagraph 4(a) above. If, in any judicial proceeding, a court refuses to enforce any of such separate covenants (or any part thereof), then such unenforceable covenant (or such part) shall be eliminated from this Agreement to the extent necessary to permit the remaining separate covenants (or portions thereof) to be enforced. If any restriction contained in this paragraph shall be deemed to be invalid, illegal or unenforceable by reason of the extent, duration, geographical scope or other provision hereof, then the extent, duration, geographical scope or other provision hereof as applicable shall be deemed to be reduced so that in its reduced form such restriction shall then be enforceable in the manner contemplated hereby.

e. MLS acknowledges and agrees that any breach or threatened breach of the provisions of this paragraph 4 of this Agreement would cause irreparable injury to the Company for which money damages will not provide an adequate remedy. In addition to any other rights or remedies the Company may have at equity or in law with respect to any breach of those provisions, if MLS threatens to commit or commits a material breach of any of such provisions, the Company may have such provisions specifically enforced by any court having equity jurisdiction.

5. *Release by MLS.* MLS, individually and on behalf of his successors, heirs and assigns, releases, waives and discharges the Company and any of its parents, subsidiaries, otherwise affiliated corporations, partnerships or business enterprises, and their respective present and former directors, shareholders, employees, agents, lawyers and assigns (hereinafter "Released Parties"), from any and all causes of actions, claims, charges, demands, losses, damages, costs, attorneys' fees and liabilities of any

kind that MLS may have or claim to have, in any way relating or arising out of any act of commission or omission from the beginning of time to the date of MLS's execution of this Agreement; provided, however, nothing contained in this Agreement shall release any claim MLS may have for indemnification by any employer for claims asserted against MLS by any third party for any acts performed within the scope of his duties as an officer or employee of the Company under the Company's charter or bylaws, except as specifically set forth in the Settlement Agreement dated December 6, 2004 between MLS and the Company and chello broadband N.V. This Release includes, but is not limited to:

- a. Claims under federal, state, or local laws prohibiting age, sex, race, national origin, disability, religion, sexual orientation, marital status, retaliation or any other form of discrimination or mistreatment such as, but not limited to, the Age Discrimination in Employment Act, (29 U.S.C.A. § 621 *et seq.*), Title VII of the Civil Rights Act of 1964, Civil Rights Act of 1991, 42 U.S.C. § 1981, § 1985, § 1986 the Americans with Disabilities Act, and the National Labor Relations Act, as amended, 29 U.S.C. § 151, *et seq.*;
- b. Intentional or negligent infliction of emotional distress, defamation, invasion of privacy and other tort claims;
- c. Breach of express or implied contract claims;
- d. Promissory estoppel claims;
- e. Retaliatory discharge claims;
- f. Wrongful discharge claims;
- g. Breach of any express or implied covenant of good faith and fair dealing;
- h. Constructive discharge;
- i. Claims arising out of or related to any applicable federal and state constitutions;
- j. Claims for compensation, including without limitation, any wages, bonus payments, options, on call pay, overtime pay, commissions or any other claim pertaining to local, state or federal wage and hour or other compensation laws, such as, but not limited to, the Worker Adjustment and Retraining Notification Act, 28 U.S.C. § 2101, *et seq.* and the Fair Labor Standards Act, as amended, 29 U.S.C. § 201, *et seq.*;
- k. Fraud, misrepresentation, and/or fraudulent inducement;
- l. Claims made under or pursuant to any severance plan or program maintained by any of the Released Parties; and
- m. Other legal and equitable claims regarding MLS's employment or the termination of his employment.

6. *Covenant Not To Sue.* MLS warrants and represents that he has not filed or caused to be filed any charge or claim against any Released Party prior to execution of this Agreement in any administrative agency, court of law or other tribunal and that he will not do so in the future. MLS further agrees that he is not entitled to any remedy or relief if he were to pursue any such claim, complaint or charge.

7. *Entire Agreement.* This Agreement represents the entire agreement between MLS and the Company with respect to MLS's employment termination, superseding any and all prior agreements, and MLS acknowledges that the Company has not made any promise or offered any other agreement except those expressed in this document to induce or persuade MLS to enter into this Agreement.

8. *Provisions Related To Persons Over Age 40.* MLS acknowledges that he is age 40 or older. BY SIGNING THIS AGREEMENT, MLS ACKNOWLEDGES THAT THE COMPANY HAS ADVISED HIM TO DISCUSS THIS WAIVER AND RELEASE AGREEMENT WITH AN ATTORNEY BEFORE SIGNING THIS AGREEMENT. MLS acknowledges and agrees that the Company is not responsible for any of his costs, expenses and attorneys' fees, if any are incurred, in connection with any claim or the review and signing of this Agreement.

9. *Time For Review.* MLS acknowledges and states that he has been given a period of at least twenty-one (21) days in which to consider the terms of this Agreement.

10. *Time To Revoke.* MLS acknowledges that he has the right to revoke this Agreement at any time within seven (7) days after signing it, by providing written notice to Ellen Spangler at the Company's office, and this Agreement is not effective or enforceable until this seven-day revocation period has expired.

11. *Confidential Information.* MLS agrees not to disclose confidential and proprietary information of the Company or any of its affiliates to any third party, except in response to a valid order of a court or other governmental body of the United States, and only after providing the Company notice and the opportunity to respond to such third parties regarding such disclosure. Confidential and proprietary information includes, but is not limited to, identity of customers, vendors and suppliers, marketing methods, prices and business strategies, and all actual property, system designs, computer software, compensation benefits of employees and other items of employment.

12. *Return Of Company Property.* MLS represents and warrants that he has returned all documents related to his employment with the Company, including, without limitation, all files, training materials, policies and procedures, notebooks, handbooks, customer lists, mailing lists, account information, credit cards, phone cards, cellular phones, automobiles and all other tangible or intangible property belonging to the Company and relating to his employment. MLS further warrants and represents that he has not retained copies of such property.

13. *Future Cooperation.* MLS agrees to cooperate fully with the Company concerning any business, legal or litigation matters about which he had knowledge during his employment, including any requested travel or appearances.

14. *Governing Law.* This Agreement is governed by the laws of the State of Colorado. Except as provided in paragraph 4(e) above, any dispute arising out of or under this Agreement shall be resolved in an arbitration proceeding brought under the American Arbitration Association rules and procedures in effect at the time the proceeding is initiated and shall be heard in Denver, Colorado. MLS hereby consents to such jurisdiction and venue.

15. *Entire Agreement.* This Agreement constitutes the entire understanding of the parties on the subjects covered relating to the termination of MLS's employment. It supersedes all other agreements and understandings between parties relating to the subject matter contained in this Agreement.

16. *Severability.* If any provision of this Agreement is declared by any court of competent jurisdiction to be invalid for any reason, such invalidity shall not affect the remaining provisions. On the contrary, such remaining provisions shall be fully severable and this Agreement shall be construed and in force as if such invalid provisions never had been inserted in the Agreement.

17. *Voluntary Agreement.* MLS expressly warrants that he has read and fully understands this Agreement, MLS has had the opportunity, if he wishes, to consult with legal counsel of MLS's own choosing, and the terms of this Agreement have been fully explained to him. MLS has been given a reasonable amount of time in which to decide whether to sign this Agreement, MLS has not entered into this Agreement in reliance on any promises, representations or inducements other than those

contained in this Agreement, and MLS is executing this Agreement voluntarily, free of any duress or coercion.

Dated: 12/7/04

UNITEDGLOBALCOM, INC.

/s/ MICHAEL T. FRIES

By: Michael T. Fries, President

Dated: 12/6/04

MARK L. SCHNEIDER

/s/ MARK L. SCHNEIDER

I hereby acknowledge and reaffirm the terms of this Agreement.

Dated: 12/30/04

MARK L. SCHNEIDER

/s/ MARK L. SCHNEIDER

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[SEVERANCE, NONCOMPETITION, WAIVER AND RELEASE AGREEMENT](#)

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT (this "Agreement") is made as of the 6 day of December 2004, by and among Mark L. Schneider ("MLS") and chello broadband N.V. ("chello") and UnitedGlobalCom, Inc., a Delaware corporation ("UGC" and, together with chello, the "Company").

RECITALS

- A. The Company believes MLS is indebted to the Company in the amount of €381,112. Such indebtedness is evidenced by a Loan Agreement dated August 1999, between MLS and chello (the "Loan"). MLS used the proceeds from the Loan to purchase certificates of shares of stock of chello and currently owns 41,993 share certificates of chello (the "Shares").
- B. The Company has declared the Loan in default. MLS has asserted that the Loan is neither in default nor currently due and payable.
- C. The Company is holding certain funds of MLS.
- D. The parties have agreed to resolve their dispute on this matter without resort to litigation and desire to enter into this Agreement in full settlement of all claims that were or could have been asserted by any party hereto against any other party in respect of the Loan.
- E. MLS believes he has assorted other claims regarding the loan repayments.

AGREEMENT

In consideration of the terms of this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. *Return of Shares; Termination of Proceeding.*

(a) MLS hereby surrenders, grants and turns over to the Company ownership, possession and control of all of the Shares and the Company hereby accepts such Shares in complete and full satisfaction of the Indebtedness. The parties acknowledge the preceding sentence represents a purchase and sale and settlement of their dispute and the Company does not believe that this Agreement requires the filing of an IRS Form W-2 or 1099.

(b) MLS shall execute and deliver to the Company such additional documents, instruments and agreements as may be reasonably necessary and appropriate for the complete surrender and return of the Shares to the Company and to vest in the Company all right, title and interest therein, including the documents attached to this Agreement as Exhibit A.

(c) The Company shall pay to MLS the sum of \$208,350.45, which represents the net amount after taxes from the exercise of MLS's previously vested SARS currently being held by the Company on MLS's behalf.

2. *Mutual Release.* UGC and chello, for and on behalf of themselves and their respective officers, directors, employees, shareholders, parent, subsidiaries, affiliates, successors and assigns ("Company Releasors") hereby release and forever discharge MLS and his representatives, heirs, successors and assigns, from any and all claims, demands and causes of action, known and unknown, which the Company Releasors may not have or ever had had against MLS and his representatives, heirs, successors and assigns, arising out of the Indebtedness, the Loan Agreement, the Loan or any other written or oral agreement relating to the foregoing, other than the express obligations of MLS under this Agreement. MLS, on behalf of himself, his representatives, heirs, successors and assigns,

hereby release and forever discharge the Company Releasors from any and all claims, demands and causes of action, known and unknown, which MLS, his representatives, heirs, successors or assigns, may not have or ever have had against the Company Releasors arising out of the Indebtedness, the Loan Agreement, the Loan or any other written or oral agreement relating to the foregoing, other than the express obligations of the Company under this Agreement. Each party represents that he has not made or suffered to be made at any assignment or transfer of any claim, demand or cause of action released by him hereunder and that he is the sole and absolute owner thereof.

3. *Other Obligations.* Nothing in this Agreement shall be deemed to relieve Executive of any other obligation owed by MLS to the Company or any related entity, including but not limited to, the amounts owed by MLS under the Promissory Note payable to the Company dated January 30, 2002 in the principle amount of \$748,500. The Company represents and warrants that all amounts withheld by the Company as taxes or withholding under the Company's Tax Equalization Policy from MLS's compensation for 2003 and 2004 have been paid, or will be timely paid if not already paid, for MLS's account to the applicable taxing authority, and the Company agrees to provide MLS with documentation of the same sufficient to allow MLS to claim credit for such withheld taxes with the applicable taxing authorities. The Company will provide MLS an accounting of such withholding as soon as practicable, and any withheld amounts not paid or to be paid timely to the applicable taxing authority shall be repaid to MLS upon completion of such accounting. The parties acknowledge and agree that the Tax Equalization Policy will not apply for tax years 2003 and 2004. Subject to the three preceding sentences, each of MLS and the Company hereby releases the other from (i) any claims arising out of any failure to pay taxes payable to any jurisdiction during any periods, and (ii) any claims arising from the Company's Tax Equalization Policy. The Company and MLS release each other from claims with respect to the reimbursement by the Company of MLS's expenses on reports submitted prior to the date of this Agreement, except for claims of fraud or violations of the Company's Code of Business Conduct. MLS shall be entitled to reimbursement for unreimbursed expenses incurred as an employee of the Company for periods prior to January 1, 2005, in accordance with the Company's reimbursement policy for executives. Apart from any claims or potential claims described in this paragraph 3, the Company represents and warrants that it neither has knowledge of nor suspects the existence of any claims that it has or may have against Executive.

4. *Informed Decision.* The parties have been represented by counsel of their own choice throughout the action described herein and all investigations and negotiations which have preceded the execution of this Agreement. Each party acknowledges that it has sufficient information in order to make an informed decision about whether to enter into this Agreement.

5. *Entire Agreement; Amendments.* The Agreement contains the entire agreement of the parties with respect to the matters provided for herein and supersedes all prior agreements, whether oral or written, and all contemporaneous oral agreements with respect to such matters. This Agreement may be amended only with the written consent of MLS and UGC.

6. *Governing Law and Dispute Resolution.* This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado (excluding its conflicts of law provisions if such provisions would require application of the laws of another jurisdiction). Any dispute arising out of or under this Agreement shall be resolved in an arbitration proceeding brought under the American Arbitration Association rules and procedures in effect at the time the proceeding is initiated and shall be heard in Denver, Colorado. Executive hereby consents to such jurisdiction and venue.

7. *Notices.* Any notice or other communication hereunder to any party hereto shall be by hand delivery, overnight delivery or facsimile and unless otherwise provided herein shall be deemed to have

been given or made when delivered or faxed, addressed to the party at its address specified below (or at any other address that the party may hereafter specify to the other parties in writing):

The Company:	UnitedGlobalCom, Inc. 4643 South Ulster Street Suite 1300 Denver, Colorado 80237 Attn: Legal Department Telephone: 303 220 6633 Facsimile: 303 220 3117
	chello broadband N.V. Boeing avenue 101 1119 PE Schiphol Rijk, The Netherlands Attn: Legal Department Telephone: + 31207789872 Facsimile: + 31207789871
MLS:	Mark L. Schneider c/o UnitedGlobalCom, Inc. 4643 South Ulster Street Suite 1300 Denver, Colorado 80237 Telephone: 303-220-6605 Facsimile: 303-770-3464

8. *Headings.* The headings in this Agreement are inserted for convenience only and are in no way intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof.

9. *Successors and Assigns.* Neither this Agreement nor any party's rights or obligations hereunder may be assigned without the consent of the other parties, which consent shall not be unreasonably withheld.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the date first above written.

		UNITEDGLOBALCOM, INC.
/s/ MARK L. SCHNEIDER	By	/s/ MICHAEL T. FRIES
Mark L. Schneider	Name	Michael T. Fries
	Title	President

CHELLO BROADBAND

By UPC Management BV

By /s/ GENE MUSSELMAN

Title

By /s/ TON TUIJTEN

Title

QuickLinks

[SETTLEMENT AGREEMENT](#)

CONFORMED COPY

Allen & Overy LLP

AMENDMENT AND RESTATEMENT AGREEMENT

BETWEEN

UPC BROADBAND HOLDING B.V.

AND

UPC FINANCING PARTNERSHIP

as Borrowers

THE COMPANIES LISTED IN SCHEDULE 1

as Guarantors

AND

TD BANK EUROPE LIMITED

as Facility Agent and Security Agent

relating to a €1,072,000,000 CREDIT AGREEMENT

dated 16th January, 2004

7 March, 2005

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THIS AGREEMENT is dated 7 March, 2005 between:

- (1) UPC BROADBAND HOLDING B.V. (**UPC Broadband**);
- (2) UPC FINANCING PARTNERSHIP (UPC Financing);
- (3) THE COMPANIES whose names and addresses are set out in Schedule 1 (Guarantors) as Guarantors;
- (4) TD BANK EUROPE LIMITED as agent (in this capacity the **Facility Agent**); and
- (5) TD BANK EUROPE LIMITED as security agent (in this capacity the **Security Agent**).

BACKGROUND

- (A) This Agreement is supplemental to and amends a credit agreement between, among others, UPC Broadband and the Facility Agent dated 16th January, 2004 as amended and restated on 24th June, 2004 and as amended by amendment letters dated 22nd July, 2004 and 2nd December, 2004 (the **Credit Agreement**).
- (B) The Majority Lenders (as defined in the Credit Agreement) have consented to the amendments and waivers to the Credit Agreement contemplated by this Agreement. Accordingly, the Facility Agent is authorised to execute this Agreement on behalf of the Finance Parties.

IT IS AGREED as follows:

1. INTERPRETATION

1.1 Definitions

- (a) Capitalised terms defined in the Credit Agreement as amended by this Agreement have, unless expressly defined in this Agreement, the same meaning in this Agreement.
- (b) In this Agreement:

Additional Facility E means the €1,021,852,984.33 Additional Facility set out in the Additional Facility Accession Agreement dated 24 June 2004.

Additional Facility G means the euro1,000,000,000 Additional Facility set out in the Additional Facility Accession Agreement dated on or about the date of this agreement between TD Bank Europe Limited as Facility Agent and Security Agent and UPC Broadband.

Additional Facility H means the euro550,000,000 and US\$1,250,000,000 Additional Facility set out in the Additional Facility Accession Agreement dated on or about the date of this agreement between TD Bank Europe Limited as Facility Agent and Security Agent, UPC Broadband and UPC Financing.

Additional Facility I means the euro500,000,000 Additional Facility set out in the Additional Facility Accession Agreement dated on or about the date of this agreement between TD Bank Europe Limited as Facility Agent and Security Agent and UPC Broadband.

Effective Date has the meaning given to it in Clause 2 (Effective Date).

1.2 Construction

- (a) The provisions of Clause 1.2 (Construction) of the Credit Agreement apply to this Agreement as though they were set out in full in this Agreement except that references to the Credit Agreement are to be construed as references to this Agreement.

- (b) Reference is made to Clause 1.4 of the Credit Agreement. References in any of the Finance Documents to the Existing Facility Agreement shall be references to the Existing Facility Agreement as amended and restated by the amendment and restatement agreement relating to the Existing Facility Agreement and dated on or about the date of this agreement. References in any of the Finance Documents to the Existing Security Deed are references to the Existing Security Deed as amended by the amendment and restatement deed dated 24 June 2004.

2. EFFECTIVE DATE

- (a) This Agreement will take effect on the date (the **Effective Date**) on which the Facility Agent notifies UPC Broadband and the Lenders that it has received the documents and evidence set out in Schedule 2, in each case in form and substance satisfactory to it or, as the case may be, the requirement to provide any of such documents or evidence has been waived by the Majority Lenders.

3. AMENDMENTS

- (a) Subject as set out in this Agreement, the Credit Agreement will be amended from the Effective Date so that it reads as if it were restated in the form set out in Schedule 3 (Restated Credit Agreement).
- (b) Each Obligor confirms that the Security Interests granted to the Beneficiaries pursuant to the Security Documents and its obligations under the Finance Documents shall continue and remain unaffected by the entry into of this Agreement or the Additional Facility Accession Agreements relating to Additional Facility G, Additional Facility H and Additional Facility I and shall extend to the liability and obligations of the Obligors to the Finance Parties under the Finance Documents as amended by this Agreement and as increased by Additional Facility G, Additional Facility H and Additional Facility I and that such obligations shall be owed to each Finance Party including the Additional Facility Lenders under Additional Facility G, Additional Facility H and Additional Facility I.
- (c) In accordance with Article 1278 of the Belgian Civil Code, each Obligor that is a party to the share pledge listed in paragraph 1(i) of Schedule 7 (Security Documents) of the Credit Agreement confirms that its duties and obligations under such share pledge shall not be affected or impaired by the entry into of this Agreement and that the pledge created under such share pledge shall be maintained in accordance with Clause 6.4 (Preservation of Security in the event of novation) of such share pledge.

4. WAIVERS

The requirement to deliver a duly completed Cancellation Notice not less than five Business Days prior to the due date of prepayment under Clause 7.3(a) (Voluntary prepayment) of the Credit Agreement shall not apply to a prepayment in full of Additional Facility E. Subject to Clause 7.3(b) (Voluntary prepayment) of the Credit Agreement, UPC Broadband may, by delivering a duly completed Cancellation Notice at any time prior to the prepayment being made, prepay the whole of the outstanding Advances under Additional Facility E.

5. REPRESENTATIONS

- (a) The representations and warranties set out in Clause 15 (Representations and Warranties) of the Credit Agreement (as amended by this Agreement) (with the exception of Clauses 15.6(a) (Consents), 15.10 (Financial condition), 15.12 (Security Interests), 15.13(b) (Litigation and insolvency proceedings), 15.14 (Business Plan), 15.15 (Tax liabilities), 15.16 (Ownership of assets), 15.20 (ERISA), 15.24 (UPC Financing) and 15.25 (Dutch Banking Act)) are true and correct as if

made on the date of this Agreement and on the Effective Date, with reference to the facts and circumstances then existing, and as if each reference to (i) the Finance Documents includes a reference to this Agreement and (ii) the Credit Agreement is a reference to the Credit Agreement as amended by this Agreement.

- (b) UPC Broadband represents and warrants to each Finance Party that there has been no material adverse change in the consolidated financial position of the Borrower Group (taken as a whole) since the date of the financial statements most recently provided under clause 16.2(a) (Financial Information) of the Credit Agreement which would or is reasonably likely to have a Material Adverse Effect.

6. MISCELLANEOUS

- (a) Each of this Agreement and the Credit Agreement, as amended by this Agreement, is a Finance Document.
- (b) Subject to the terms of this Agreement, the Credit Agreement and the Security Deed will remain in full force and effect and the Credit Agreement and this Agreement will be read and construed as one document.

7. COUNTERPARTS

- (a) This Agreement may be executed in any number of counterparts, and this has the same effect as if signatures and the counterparts were on a single copy of this Agreement.
- (b) This Agreement shall take effect as a deed notwithstanding the fact that a party may only execute this Agreement under hand.

8. GOVERNING LAW

This Agreement is governed by English law.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE 1**GUARANTORS**

Name	Address
UPC Financing Partnership	4643 South Ulster Street Suite 1300 Denver, CO 80237 United States
UPC Broadband Holding B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Holding II B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Holding B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC France Holding B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Scandinavia Holding B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Austria Holding B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Central Europe Holding B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Nederland B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Poland Holding B.V.	Boeing Avenue 52 1119 PE Schiphol Rijk Amsterdam The Netherlands

CONDITIONS PRECEDENT DOCUMENTS

1. Constitutional Documents

- (a) A copy of the constitutional documents of each Obligor (other than UPC Financing) and the partnership agreement of UPC Financing or, if the Facility Agent already has a copy, a certificate of an authorised signatory of the relevant Obligor confirming that the copy in the Facility Agent's possession is still correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.
- (b) An extract of the registration of each Obligor established in the Netherlands in the trade register of the Dutch chamber of commerce.

2. Authorisations

- (a) A copy of a resolution of the board of managing and, to the extent applicable, board of supervisory directors (or equivalent) and, to the extent that a shareholders' resolution is required, a copy of the shareholders' resolution of each Obligor:
 - (i) approving the terms of and the transactions contemplated by this Agreement and resolving that it execute the same; and
 - (ii) authorising the issuance of a power of attorney to a specified person or persons to execute this Agreement on its behalf.
- (b) A specimen of the signature of each person authorised pursuant to its constitutional documents or to the power of attorney referred to in paragraph (a) above to sign this Agreement.
- (c) A certificate of an authorised signatory of UPC Broadband and UPC Financing certifying that each copy document specified in this Schedule and supplied by UPC Broadband is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.
- (d) A copy of any other authorisation or other document, opinion or assurance which the Facility Agent has notified UPC Broadband is necessary or desirable in connection with the entry into and performance of, and the transactions contemplated by, this Agreement or for the validity and enforceability of this Agreement.

3. Legal opinions

- (a) A legal opinion of Allen & Overy LLP, English legal advisers to the Facility Agent, addressed to the Finance Parties.
- (b) A legal opinion of Allen & Overy LLP, Dutch legal advisers to the Facility Agent, addressed to the Finance Parties.
- (c) A legal opinion of Allen & Overy LLP, New York legal advisers to the Facility Agent, addressed to the Finance Parties.

4. Other documents

Evidence that all fees and expenses then due and payable from UPC Broadband in respect of this Agreement have been paid.

SCHEDULE 3

Allen & Overy LLP

RESTATED €1,072,000,000 SENIOR SECURED CREDIT FACILITY

for

UPC BROADBAND HOLDING B.V.
as Borrower

with

TD BANK EUROPE LIMITED
acting as Facility Agent and Security Agent

DATED 16th January, 2004

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THIS AGREEMENT originally dated 16th January, 2004 as amended and restated by an amendment agreement dated 24th June, 2004 and as amended by amendment letters dated 22nd July, 2004 and 2nd December, 2004 and subsequently amended and restated on 7 March, 2005 and made

BETWEEN:

- (1) **UPC BROADBAND HOLDING B.V.** (previously called UPC Distribution Holding B.V.) (**UPC Broadband**);
- (2) **THE COMPANIES** identified as guarantors in Part 1 of Schedule 1 (Original Guarantors) (the **Original Guarantors**);
- (3) **THE BANKS AND FINANCIAL INSTITUTIONS** listed in Part 2 of Schedule 1 (Initial Facility D Lenders and Commitments) as lenders (the **Initial Facility D Lenders**);
- (4) **TD BANK EUROPE LIMITED** as facility agent (the **Facility Agent**);
- (5) **TD BANK EUROPE LIMITED** as security agent for the Finance Parties (in this capacity, the **Security Agent**); and
- (6) **TD BANK EUROPE LIMITED** and **TORONTO-DOMINION (TEXAS) INC** as facility agents under the Existing Facility.

IT IS AGREED as follows:

1. INTERPRETATION

1.1 Definitions

In this Agreement:

Accounting Period in relation to any person means any period of approximately three months or one year for which accounts of such person are required to be delivered pursuant to this Agreement.

Acquisition means the acquisition, whether by one or a series of transactions, (including, without limitation, by purchase, subscription or otherwise) of all or any part of the share capital or equivalent of any company or other person (including, without limitation, any partnership or joint venture) or any asset or assets of any company or other person (including, without limitation, any partnership or joint venture) constituting a business or separate line of business of that company or other person.

Acquisition Business Plan means, in respect of an Acquisition, a business plan for the Target to be acquired which has been reviewed by Deloitte & Touche (or such other leading firm of independent and internationally recognised consultants or accountants appointed by UPC Broadband) and which sets out the management plan for the period from the date of the proposed Acquisition (taking into account the Acquisition Cost of such Acquisition and financial projections relating to the Target) up to and including the Final Maturity Date and based on assumptions which are no more aggressive (when taken as a whole) than those used in preparation of the Business Plan.

Acquisition Cost means, in relation to an Acquisition, the value of the consideration for that Acquisition at the time of completion of the Acquisition and for this purpose:

- (a) the value at the time of completion of the Acquisition of any consideration to be paid or delivered after the time of completion of the Acquisition will be determined in accordance with GAAP;

- (b) if the entity acquired becomes a member of the Borrower Group as a result of the Acquisition, the aggregate principal amount of Financial Indebtedness of any entity acquired outstanding at the time of completion of the Acquisition (including without limitation any Lending Transaction (as defined in Clause 16.14(f) (Loans and guarantees) made by a member of the Borrower Group in connection with the relevant Acquisition) will be counted as part of the consideration for that Acquisition;
- (c) if the entity acquired does not become a member of the Borrower Group as a result of the Acquisition, the aggregate principal amount of Financial Indebtedness of the entity acquired at the time of completion of the Acquisition will be counted as part of the consideration for that Acquisition to the extent of the aggregate principal amount of the payment and repayment obligations in respect of such Financial Indebtedness assumed or guaranteed by any member of the Borrower Group; and
- (d) subject to paragraphs (a), (b) and (c) above, the value at the time of completion of the Acquisition of any non-cash consideration will be determined in accordance with GAAP,

expressed in euros, if required, using the Agent's Spot Rate of Exchange on the date of completion of the Acquisition.

Additional Borrower means a member of the Borrower Group which becomes an Additional Borrower in accordance with Clause 26.4 (Additional Obligors).

Additional Facility means an additional term loan facility referred to in Clause 2.2 (Additional Facilities) and **Additional Facilities** means all or any such Facilities.

Additional Facility Accession Agreement means a deed in the form of Part 4 of Schedule 5, with such amendments as the Facility Agent may approve or reasonably require.

Additional Facility Advance means an advance made to a Borrower under an Additional Facility.

Additional Facility Availability Period in relation to an Additional Facility means the period specified in the Additional Facility Accession Agreement for that Additional Facility.

Additional Facility Commitment means in relation to an Additional Facility and an Initial Additional Facility Lender:

- (a) the amount in euros or US Dollars set out as the Additional Facility Commitment of an Additional Facility Lender in the relevant Additional Facility Accession Agreement and the amount of any other Additional Facility Commitment transferred to it under this Agreement; and
- (b) any other Additional Facility Lender, the amount in euros or US Dollars (as applicable) transferred to it in accordance with this Agreement,

to the extent not cancelled, reduced or transferred by it in accordance with this Agreement.

Additional Facility D Lender means any person which has become a Facility D Lender in accordance with Clause 2.8(a) (Additional Facility D Lenders).

Additional Facility D Lender Accession Agreement means an accession agreement substantially in the form of Part 5 of Schedule 5.

Additional Facility Lender means:

- (a) an Initial Additional Facility Lender; and
- (b) any person which has become a New Lender (as defined in Clause 26.2 (Transfers by Lenders) under an Additional Facility in accordance with Clause 26 (Changes to the Parties),

which in each case has not ceased to be a Party in accordance with the terms of this Agreement.

Additional Guarantor means:

- (a) a Subsidiary of UPC Broadband; and
- (b) any UPC Broadband Holdco (other than UPC Holding),

which in each case becomes an Additional Guarantor in accordance with Clause 26.4 (Additional Obligors).

Additional Obligor means an Additional Borrower or an Additional Guarantor.

Advance means a Facility D Advance or an Additional Facility Advance.

Affiliate means, in respect of a person, a direct or indirect Subsidiary or Holding Company of that person or any other person which is under common control with that person (and for this purpose, **control** has the meaning given to it in section 416 of the Income and Corporation Taxes Act 1988 in force as at the Signing Date).

Agent means the Facility Agent or the Security Agent (or both), as the context requires.

Agent's Spot Rate of Exchange means the spot rate of exchange as determined by the Facility Agent for the purchase of US Dollars (or any other relevant currency) in the London foreign exchange market with euros at or about 11.00 a.m. on a particular day.

Allocation Date means the date, falling five Business Days after the Signing Date on which the Facility Agent allocates the Facility D Commitments in accordance with Clause 2.8 (Additional Facility D Lenders).

Amendment Agreement means the agreement dated on or around 24th June, 2004 between UPC Broadband, the Original Guarantors the Facility Agent and the Security Agent, pursuant to which this Agreement was amended.

Annualised EBITDA has the meaning given to it in Clause 17.1 (Financial definitions).

Anti-Terrorism Law means each of:

- (a) Executive Order No. 13224 of September 23, 2001—Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (the **Executive Order**);
- (b) the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56 (commonly known as the USA Patriot Act);
- (c) the Money Laundering Control Act of 1986, Public Law 99-570; and
- (d) any similar law enacted in the United States of America subsequent to the date of this Agreement.

Approved Stock Options means any options, warrants, rights to purchase or other equivalents (however designated) issued or granted by a member of the Borrower Group to any former, present or future officers, consultants, directors and/or employees of any member of the Borrower Group or its Associated Companies to subscribe for share capital or similar rights of ownership in that member of the Borrower Group provided that the maximum aggregate amount of such options, warrants, rights to purchase or other equivalents (however designated) shall not exceed (i) 8 per cent. of its issued share capital, in the case of UPC Central Europe Holding B.V. and any Subsidiary of UPC Central Europe Holding B.V. (provided that the aggregate amount of such options, warrants, rights to purchase or other equivalents issued by UPC Central Europe Holding

B.V. and its Subsidiaries does not exceed 8 per cent. of the issued share capital of UPC Central Europe Holding B.V.) and (ii) 7.5 per cent. of its issued share capital or similar rights of ownership, in the case of each other member of the Borrower Group.

Associated Company of a person means:

- (a) any other person which is directly or indirectly Controlled by, under common Control with or Controlling such person; or
- (b) any other person owning beneficially and/or legally directly or indirectly 10 per cent. or more of the equity interest in such person or 10 per cent. of whose equity is owned beneficially and/or legally directly or indirectly by such person.

Auditors means KPMG or such other leading firm of independent and internationally recognised accountants appointed by UPC Broadband as its auditors for the purposes of preparing the audited consolidated accounts of UPC Broadband.

Belmarken means Belmarken Holding B.V., a private limited liability company incorporated under the laws of The Netherlands and, as of the Signing Date, with its registered office at Amsterdam and its business office at Boeing Avenue 53, 1119 PE Schiphol Rijk, Amsterdam, The Netherlands.

Beneficiaries has the meaning given to it in the Security Deed.

Borrower means UPC Broadband and any Additional Borrower.

Borrower Group means:

- (a) UPC Broadband and its Subsidiaries from time to time excluding Unrestricted Subsidiaries; and
- (b) UPC Financing.

Borrower Group Business Plan means, in respect of an Acquisition, a business plan for the Borrower Group (including the Target to be acquired) which has been certified by a director of UPC Broadband and which sets out the management plan for the period from the date of the proposed Acquisition (taking into account the Acquisition Cost of such Acquisition and financial projections relating to the Target) up to and including the Final Maturity Date and based on assumptions which are no more aggressive (when taken as a whole) than those used in preparation of the Business Plan.

Break Costs means the amount (if any) by which:

- (a) the amount of interest (excluding the Margin and any Mandatory Costs) which a Lender should have received for the period from the date of receipt of all or any part of its participation in an Advance or Unpaid Sum to the last day of the current Interest Period in respect of that Advance or Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period,

exceeds:

- (b) the amount of interest which that Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank in the London interbank market for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period.

Business means any business of the Borrower Group:

- (a) that consists of the upgrade, construction, creation, development, marketing, acquisition (to the extent permitted under this Agreement), operation, utilisation and maintenance of

networks that use existing or future technology for the transmission, reception and delivery of voice, video and/or other data (including networks that transmit, receive and/or deliver services such as multi-channel television and radio, programming, telephony, Internet services and content, high speed data transmission, video, multi-media and related activities); or

- (b) that supports, is incidental to or is related to any such business; or
- (c) that comprises being a Holding Company of one or more persons engaged in such business,

and references to **business** or **ordinary course of business** shall be similarly construed.

Business Day means:

- (a) a day (other than a Saturday or Sunday) on which banks are open for general business in:
 - (i) London and Amsterdam; and
 - (ii) in relation to a transaction involving US Dollars, New York; or
- (b) in relation to a rate fixing day or a payment date for euros, a TARGET Day.

Business Plan means the business plan for the Borrower Group for the period from the Effective Date to, as a minimum, the Final Maturity Date as provided to the Facility Agent prior to the Effective Date.

Cancellation Notice means a notice of cancellation and/or prepayment substantially in the form of Part 2 of Schedule 4 (Form of Cancellation and/or Prepayment Notice).

Capital Expenditure means any expenditure which is or will be treated as a capital expenditure in the audited consolidated financial statements of the Borrower Group in accordance with GAAP.

Cash Flow means, for any period, as set out in the most recent relevant management accounts of or in respect of the Target for that period, EBITDA of or relating to the Target for such period:

- (a) minus Capital Expenditure of or relating to the Target for such period;
- (b) minus all Taxes actually paid and/or falling due for payment by or in respect of the Target during such period;
- (c) minus the amount of all dividends, redemptions and other distributions payable by the Target during such period on, or in respect of any of its share capital not held by a member of the Borrower Group;
- (d) minus any increase or plus any decrease in working capital of or in respect of the Target for such period;
- (e) minus the aggregate of (i) Interest payable by or in respect of the Target during such period and (ii) an amount equal to the Interest that would have been payable in respect of an advance under Facility D made during such period in an amount equal to the principal amount of Financial Indebtedness incurred in connection with the Acquisition of the Target, and plus any Interest that was received by the Target during such period; and

- (f) minus all extraordinary or exceptional items (including one off restructuring costs) which were paid by the Target during such period on (net of any cash proceeds of insurance or warranty claims which relate to such items) and plus all extraordinary or exceptional items which were received by or in respect of the Target during such period.

For the purposes of the above calculation no item shall be effectively deducted or credited more than once.

Cash Flow Hedging Agreement has the meaning given to it in Clause 16.17 (Hedging).

Change of Control has the meaning given to it in Clause 7.4(a) (Change of Control).

CNA means UPC Austria Holding B.V. a private limited liability company incorporated under the laws of The Netherlands and, as of the Signing Date, with its registered office at Amsterdam and its business office at Boeing Avenue 53, 1119 PE Schiphol Rijk, Amsterdam, The Netherlands.

Code means the United States Internal Revenue Code of 1986, as amended and any rule or regulation issued thereunder from time to time in effect.

Commitments means the Facility D1 Commitments, Facility D2 Commitments, Facility D3 Commitments, Facility D4 Commitments, Facility D5 Commitments and/or Additional Facility Commitments.

Confidentiality Undertaking means a confidentiality undertaking substantially in the recommended form of either the LMA as set out in Part 1 of Schedule 6 (Form of LMA Confidentiality Undertaking) or the LSTA as set out in Part 2 of Schedule 6 or in any other form agreed between UPC Broadband and the Facility Agent.

Control means the power of a person:

- (a) by means of the holding of shares or the possession of voting power in or in relation to any other person; or
- (b) by virtue of any powers conferred by the articles of association or other documents regulating any other person,

to direct or cause the direction of the management and policies of that other person,

and **Controlled** and **Controlling** have a corresponding meaning.

Current Assets means, at any relevant time, the aggregate of the current assets (excluding cash) of the Borrower Group at such time which would be included as current assets in a consolidated balance sheet of the Borrower Group drawn up at such time in accordance with GAAP.

Current Liabilities means, at any relevant time, the aggregate of the current liabilities (excluding short term debt and overdrafts) of the Borrower Group at such time which would be included as current liabilities in a consolidated balance sheet of the Borrower Group drawn up at each time in accordance with GAAP.

Dangerous Substance means any radioactive emissions and any natural or artificial substance (whether in solid or liquid form or in the form of a gas or vapour and whether alone or in combination with any other substance) which, taking into account the concentrations and quantities present and the manner in which it is being used or handled, it is reasonably foreseeable will cause harm to man or any other living organism or damage to the Environment including any controlled, special, hazardous, toxic, radioactive or dangerous waste.

Default means an Event of Default or any event or circumstances specified in Clause 18 (Default) which would (with the expiry of a grace period or the giving of notice) be an Event of Default.

Designated Party means any person listed:

- (a) in the Annex to the Executive Order;
- (b) on the "Specially Designated Nationals and Blocked Persons" list maintained by the Office of Foreign Assets Control of the United States Department of the Treasury; or
- (c) in any successor list to either of the foregoing.

Distribution Business means:

- (a) the business of upgrading, constructing, creating, developing, acquiring, operating, owning, leasing and maintaining cable television networks (including for avoidance of doubt master antenna television, satellite master antenna television, single and multi-channel microwave single or multi-point distribution systems and direct-to-home satellite systems) for the transmission, reception and/or delivery of multi-channel television and radio programming, telephony and internet and/or data services to the residential markets; or
- (b) any business which is incidental to or related to and, in either case, material to such business.

Dutch Banking Act means the Dutch Act on the Supervision of the Credit System 1992 (*Wet toezicht Kredietwezen 1992*), including the Dutch Exemption Regulation.

Dutch Exemption Regulation means the Exemption Regulation of the Minister of Finance of 26th June, 2002 (*Vrijstellingsregeling Wtk 1992*), including the Policy Guidelines.

Eastern Europe means Europe other than Western Europe.

Eastern European Acquisition means an acquisition (including, without limitation, by purchase, subscription or otherwise) of:

- (a) all or any part of the share capital or equivalent of a person or company (including, without limitation any partnership or joint venture) incorporated or carrying on a material part of its business in Eastern Europe; or
- (b) any asset or assets constituting a business or separate line of business, a material part of which is being carried on in Eastern Europe,

but excluding any such acquisition in relation to an entity which is a Subsidiary of UPC on the Signing Date and is incorporated or carries on business in Poland on the Signing Date.

EBITDA has the meaning given to it in Clause 17.1 (Financial definitions).

Effective Date has the meaning given to it in Clause 4.1 (Documentary conditions precedent).

Environment means the media of air, water and land (wherever occurring) and in relation to the media of air and water includes, without limitation, the air and water within buildings and the air and water within other natural or man-made structures above or below ground and any water contained in any underground strata.

Environmental Claim means any claim by any person:

- (a) in respect of any loss or liability suffered or incurred by that person as a result of or in connection with any violation of Environmental Law; or
- (b) that arises as a result of or in connection with Environmental Contamination and that could give rise to any remedy or penalty (whether interim or final) that may be enforced or assessed by private or public legal action or administrative order or proceedings including, without limitation, any such claim that arises from injury to persons or property.

Environmental Contamination means each of the following and their consequences:

- (a) any release, emission, leakage or spillage of any Dangerous Substance at or from any site owned or occupied by any member of the Borrower Group into any part of the Environment; or
- (b) any accident, fire, explosion or sudden event at any site owned or occupied by any member of the Borrower Group which is directly caused by or attributable to any Dangerous Substance; or
- (c) any other pollution of the Environment arising at or from any site owned or occupied by any member of the Borrower Group.

Environmental Law means all legislation, regulations or orders (insofar as such regulations or orders have the force of law) to the extent that it relates to the protection or impairment of the Environment or the control of Dangerous Substances (whether or not in force at the date of this Agreement) which are capable of enforcement in any applicable jurisdiction by legal process.

Environmental Licence means any permit, licence, authorisation, consent, filing, registration or other approval required by any Environmental Law.

ERISA means the United States Employee Retirement Income Security Act of 1974, as amended.

ERISA Affiliate means each trade or business, whether or not incorporated, that would be treated as a single employer with any member of the Borrower Group under section 414 of the United States Internal Revenue Code of 1986, as amended. When any provision of this Agreement relates to a past event, the term **ERISA Affiliate** includes any person that was an ERISA Affiliate of a member of the Borrower Group at the time of that past event.

EURIBOR means in relation to any Advance or Unpaid Sum denominated in euros:

- (a) the applicable Screen Rate for deposits in the currency of the relevant Advance or Unpaid Sum for a period equal or comparable to the required period at or about 11.00 a.m. (Brussels time) on the applicable Rate Fixing Day; or
- (b) if the rate cannot be determined under paragraph (a) above, the arithmetic mean (rounded upwards, if necessary, to the nearest four decimal places) of the respective rates, as supplied to the Facility Agent at its request, quoted by the Reference Banks to leading banks for the offering of deposits in euros for the required period in the London interbank market at or about 11.00 a.m. on the Rate Fixing Day for such period,

and for the purposes of this definition, **required period** means the Interest Period of an Advance or the period in respect of which EURIBOR falls to be determined in relation to any Unpaid Sum.

€, euro or euros means the single currency of the Participating Member States.

Event of Default means an event specified as such in Clause 18 (Default).

Excess Cash Flow means the aggregate consolidated EBITDA of the Borrower Group calculated for the most recently ended financial year (beginning with the financial year ending on 31st December, 2004), as shown in the quarterly management accounts delivered to the Facility Agent pursuant to Clause 16.2(b) (Financial information) in respect of the financial quarter ending on 31st December in any relevant year:

- (a) less:
 - (i) any interest and other charges in respect of Financial Indebtedness of the Borrower Group paid during such financial year;

- (ii) repayments and/or prepayments of any Financial Indebtedness of the Borrower Group paid during such financial year; and
 - (iii) capital expenditure of the Borrower Group incurred during such financial year; and
- (b) either (i) plus any amount by which Net Working Capital at the commencement of such financial year exceeds Net Working Capital at the close of such financial year or, as appropriate, (ii) minus any amount by which Net Working Capital at the end of such financial year exceeds Net Working Capital at the beginning of such financial year.

For the purposes of this definition of "Excess Cash Flow", **Net Working Capital** means, at any time, the aggregate of the Current Assets of the Borrower Group at such time less the aggregate of the Current Liabilities of the Borrower Group at such time.

Existing Beneficiaries means Beneficiaries as defined in the Existing Security Deed.

Existing Facility means a facility made available to a borrower under the Existing Facility Agreement.

Existing Facility Agents means the facility agents under the Existing Facility.

Existing Facility Agreement means the senior secured credit facility dated 26th October, 2000 made between, *inter alia*, UPC Broadband, UPC Financing, TD Bank Europe Limited and Toronto Dominion (Texas), Inc. as facility agents and the banks and financial institutions listed therein, as amended from time to time.

Existing Finance Document means a Finance Document as defined in the Existing Facility Agreement.

Existing Lender has the meaning given to it in Clause 26.2 (Transfers by Lenders).

Existing Security Deed means the security deed dated 26th October, 2000 between, among others, UPC Broadband, UPC Financing, UPC, UPC Holding, the Existing Facility Agents, TD Bank Europe as security agent, the lenders and financial institutions listed therein, the senior hedging banks, the High Yield Hedging Banks and each Subordinated Creditor (as defined in the Existing Security Deed) and includes each Deed of Accession (as defined in the Existing Security Deed) entered into in relation to the Existing Security Deed.

Existing Security Documents means:

- (a) the Security Documents as defined in paragraph (a) of the definition of "Security Documents" in the Existing Facility Agreement; and
- (b) any other Security Documents as defined in paragraph (b) of the definition of "Security Documents" in the Existing Facility Agreement provided that the Security Interest(s) granted under any such Security Document are simultaneously granted on the same terms (save for variations directly attributable to the identity of the parties and the loan amounts) to the Security Agent on behalf of Beneficiaries to secure the Secured Obligations (as defined in the Security Deed).

Facility means Facility D and each Additional Facility (if any).

Facility A means Facility A as defined in the Existing Facility Agreement.

Facility B means Facility B as defined in the Existing Facility Agreement.

Facility C means Facility C as defined in the Existing Facility Agreement.

Facility D means each of Facility D1, Facility D2, Facility D3, Facility D4 and Facility D5.

Facility D Advance means a Facility D1 Advance, Facility D2 Advance, Facility D3 Advance, Facility D4 Advance or Facility D5 Advance.

Facility D Commitments means the Facility D1 Commitments, Facility D2 Commitments, Facility D3 Commitments, Facility D4 Commitments and/or Facility D5 Commitments.

Facility D Lender means:

- (a) any Initial Facility D Lender;
- (b) any Additional Facility D Lender; and
- (c) any person which has become a New Lender (as defined in Clause 26.2 (Transfers by Lenders)) under Facility D in accordance with Clause 26 (Changes to the Parties),

which in each case has not ceased to be a Party in accordance with the terms of this Agreement.

Facility D1 means the €109,371,094 term loan facility referred to in Clause 2.1(a) (Facility D).

Facility D1 Advance means the advance made to UPC Broadband under Facility D1.

Facility D1 Commitment means:

to the extent not cancelled, reduced or transferred by it under this Agreement.

- (a) in relation to an Initial Facility D Lender, the amount in euros set opposite its name under the heading "Facility D1 Commitment" in Part 2 of Schedule 1 (Initial Facility D Lenders and Commitments) and, following any allocation of Facility D1 Commitment by the Facility Agent on the Allocation Date, the amount in euros calculated in accordance with Clause 2.8 (Additional Facility D Lenders) set opposite its name under the heading "Facility D1 Commitment" in Part 3 of Schedule 1 (Facility D Commitments) and the amount of any other Facility D1 Commitment transferred to it under this Agreement;
- (b) in relation to an Additional Facility D Lender, the amount in euros set out in the relevant Additional Facility D Lender Accession Agreement and, following any allocation of Facility D1 Commitment by the Facility Agent on the Allocation Date, the amount in euros calculated in accordance with Clause 2.8 (Additional Facility D Lenders) set out opposite its name under the heading "Facility D1 Commitment" in Part 3 of Schedule 1 (Facility D Commitments); and
- (c) in relation to any other Facility D Lender, the amount in euros of any Facility D1 Commitment transferred to it in accordance with this Agreement,

Facility D1 Lender means a Facility D Lender under Facility D1.

Facility D2 means the €196,867,969 term loan facility referred to in Clause 2.1(b) (Facility D).

Facility D2 Advance means the advance made to UPC Broadband under Facility D2.

Facility D2 Commitment means:

- (a) in relation to an Initial Facility D Lender, the amount in euros set opposite its name under the heading "Facility D2 Commitment" in Part 2 of Schedule 1 (Initial Facility D Lenders and Commitments) and, following any allocation of Facility D2 Commitment by the Facility Agent on the Allocation Date, the amount in euros calculated in accordance with Clause 2.8 (Additional Facility D Lenders) set opposite its name under the heading "Facility D2 Commitment" in Part 3 of Schedule 1 (Facility D Commitments) and the amount of any other Facility D2 Commitment transferred to it under this Agreement;

- (b) in relation to an Additional Facility D Lender, the amount in euros set out in the relevant Additional Facility D Lender Accession Agreement and, following any allocation of Facility D2 Commitment by the Facility Agent on the Allocation Date, the amount in euros calculated in accordance with Clause 2.8 (Additional Facility D Lenders) set out opposite its name under the heading "Facility D2 Commitment" in Part 3 of Schedule 1 (Facility D Commitments); and
- (c) in relation to any other Facility D Lender, the amount in euros of any Facility D2 Commitment transferred to it in accordance with this Agreement, to the extent not cancelled, reduced or transferred by it under this Agreement.

Facility D2 Lender means a Facility D Lender under Facility D2.

Facility D3 means the €196,867,969 term loan facility referred to in Clause 2.1(c) (Facility D).

Facility D3 Advance means the advance made to UPC Broadband under Facility D3.

Facility D3 Commitment means:

to the extent not cancelled, reduced or transferred by it under this Agreement.

- (a) in relation to an Initial Facility D Lender, the amount set out in euros set opposite its name under the heading "Facility D3 Commitment" in Part 2 of Schedule 1 (Initial Facility D Lenders and Commitments) and, following any allocation of Facility D3 Commitment by the Facility Agent on the Allocation Date, the amount in euros calculated in accordance with Clause 2.8 (Additional Facility D Lenders) set opposite its name under the heading "Facility D3 Commitment" in Part 3 of Schedule 1 (Facility D Commitments) and the amount of any other Facility D3 Commitment transferred to it under this Agreement;
- (b) in relation to an Additional Facility D Lender, the amount in euros set out in the relevant Additional Facility D Lender Accession Agreement and, following any allocation of Facility D3 Commitment by the Facility Agent on the Allocation Date, the amount in euros calculated in accordance with Clause 2.8 (Additional Facility D Lenders) set out opposite its name under the heading "Facility D3 Commitment" in Part 3 of Schedule 1 (Facility D Commitments); and
- (c) in relation to any other Facility D Lender, the amount in euros of any Facility D3 Commitment transferred to it in accordance with this Agreement, to the extent not cancelled, reduced or transferred by it under this Agreement,

Facility D3 Lender means a Facility D Lender under Facility D3.

Facility D4 means the €284,364,844 term loan facility referred to in Clause 2.1(d) (Facility D).

Facility D4 Advance means the advance made to UPC Broadband under Facility D4.

Facility D4 Commitment means:

- (a) in relation to an Initial Facility D Lender, the amount in euros set opposite its name under the heading "Facility D4 Commitment" in Part 2 of Schedule 1 (Initial Facility D Lenders and Commitments) and, following any allocation of Facility D4 Commitment by the Facility Agent on the Allocation Date, the amount in euros calculated in accordance with Clause 2.8 (Additional Facility D Lenders) set opposite its name under the heading "Facility D4 Commitment" in Part 3 of Schedule 1 (Facility D Commitments) and the amount of any other Facility D4 Commitment transferred to it under this Agreement;
- (b) in relation to an Additional Facility D Lender, the amount in euros set out in the relevant Additional Facility D Lender Accession Agreement and, following any allocation of Facility D4

Commitment by the Facility Agent on the Allocation Date, the amount in euros calculated in accordance with Clause 2.8 (Additional Facility D Lenders) set out opposite its name under the heading "Facility D4 Commitment" in Part 3 of Schedule 1 (Facility D Commitments); and

- (c) in relation to any other Facility D Lender, the amount in euros of any Facility D4 Commitment transferred to it in accordance with this Agreement, to the extent not cancelled, reduced or transferred by it under this Agreement.

Facility D4 Lender means a Facility D Lender under Facility D4.

Facility D5 means the €284,364,844 term loan facility referred to in Clause 2.1(e) (Facility D).

Facility D5 Advance means the advance made to UPC Broadband under Facility D5.

Facility D5 Commitment means:

- (a) in relation to an Initial Facility D Lender, the amount in euros set opposite its name under the heading "Facility D5 Commitment" in Part 2 of Schedule 1 (Initial Facility D Lenders and Commitments) and, following any allocation of Facility D5 Commitment by the Facility Agent on the Allocation Date, the amount in euros calculated in accordance with Clause 2.8 (Additional Facility D Lenders) set opposite its name under the heading "Facility D5 Commitment" in Part 3 of Schedule 1 (Facility D Commitments) and the amount of any other Facility D5 Commitment transferred to it under this Agreement;
- (b) in relation to an Additional Facility D Lender, the amount in euros set out in the relevant Additional Facility D Lender Accession Agreement and, following any allocation of Facility D5 Commitment by the Facility Agent on the Allocation Date, the amount in euros calculated in accordance with Clause 2.8 (Additional Facility D Lenders) set out opposite its name under the heading "Facility D5 Commitment" in Part 3 of Schedule 1 (Facility D Commitments); and
- (c) in relation to any other Facility D Lender, the amount in euros of any Facility D5 Commitment transferred to it in accordance with this Agreement, to the extent not cancelled, reduced or transferred by it under this Agreement.

Facility D5 Lender means a Facility D Lender under Facility D5.

Facility Office means the office(s) notified by a Lender to the Facility Agent:

- (a) on or before the date it becomes a Lender; or
- (b) by not less than five Business Days' notice,

as the office(s) through which it will perform all or any of its obligations under this Agreement.

Fee Letter means the letter between the Facility Agent and UPC Broadband, dated on or about the Signing Date, setting out the amount of agency fees referred to in Clause 20.2 (Agent's fees).

Final Maturity Date means:

- (a) when designated "Facility D", 30th June, 2009; and
 - (b) when designated "Additional Facility", the date falling after 30th June, 2009 specified in the Additional Facility Accession Agreement,
- or, in each case if that day is not a Business Day, the immediately preceding Business Day (and without any such designation means the latest such date).

Finance Document means this Agreement, a Security Document, the Security Deed, a Fee Letter, an Obligor Accession Agreement, a Novation Certificate, an Additional Facility Accession Agreement, the Intercreditor Agreement and any other document designated in writing as such by the Facility Agent and UPC Broadband.

Finance Party means a Lender, the Facility Agent or the Security Agent.

Financial Indebtedness means, without double counting, indebtedness in respect of:

- (a) money borrowed or raised and debit balances at banks;
- (b) any bond, note, loan stock, debenture or similar debt instrument;
- (c) acceptance or documentary credit facilities;
- (d) receivables sold or discounted (otherwise than on a non-recourse basis and other than in the normal course of business for collection);
- (e) payments for assets acquired or services supplied deferred for a period of over 180 days (or 360 days if such deferral is in accordance with the terms pursuant to which the relevant assets were or are to be acquired or services were or are to be supplied) after the relevant assets were or are to be acquired or the relevant services were or are to be supplied;
- (f) finance leases and hire purchase contracts to the extent that they constitute capital leases within the meaning of GAAP, provided that indebtedness in respect of network leases shall only be included in this paragraph (f) for the purposes of the definition of "Excess Cash Flow" and Clause 18.5 (Cross default);
- (g) any other transaction (including without limitation forward sale or purchase agreements) having the commercial effect of a borrowing or raising of money or any of (b) to (f) above;
- (h) (for the purposes of Clause 18.5 (Cross default) only) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked-to-market value shall be taken into account); and
- (i) guarantees in respect of indebtedness of any person falling within any of paragraphs (a) to (g) above (including for the avoidance of doubt, without double counting, guarantees given by a member of the Borrower Group for the indebtedness of the type falling within (a) to (g) above of another member of the Borrower Group),

provided that indebtedness which has been cash-collateralised shall not be included in any calculation of Financial Indebtedness to the extent so cash-collateralised and indebtedness which is in the nature of equity (other than redeemable shares) shall not be regarded as Financial Indebtedness.

GAAP means generally accepted accounting principles and practices in the United States.

Guaranteed Document means each Finance Document and the High Yield Hedging Agreements.

Guarantor means each Original Guarantor and each Additional Guarantor.

High Yield Hedging Agreements has the meaning given to it in the Security Deed.

High Yield Hedging Bank means a Lender or its Affiliate or a "Lender" or its "Affiliate" as defined in the Existing Facility Agreement which is or becomes a party to the Existing Security Deed and/or the Security Deed as a High Yield Hedging Bank.

High Yield Hedging Counterparty means any member of the UGCE Borrower Group that enters into a High Yield Hedging Agreement.

High Yield Notes means high yield debt securities or other instruments not mandatorily convertible into equity, in each case issued by a company which is a member of the UGCE Borrower Group.

Holding Company means, in relation to a person, an entity of which that person is a Subsidiary.

Indentures means each of:

- (a) the indenture dated as of 30th July, 1999 between UPC and Citibank N.A. in relation to US\$735,000,000 12¹/₂ per cent. senior discount notes due 2009;
- (b) the indenture dated 5th February, 1998 between UGC and Firstar Bank of Minnesota N.A. (the **UGC Trustee**) for the \$1,375,000,000 10³/₄ per cent. senior secured discount notes due 2009;
- (c) the indenture dated 15th April, 1999 between UGC and the UGC Trustee for the \$355,000,000 senior discount notes due 2009;
- (d) the indenture dated 30th July, 1999 between UPC and Citibank N.A. for the \$800,000,000 10⁷/₈ per cent. senior notes due 2009 and the €300,000,000 10⁷/₈ per cent. senior notes due 2009;
- (e) the indenture dated 29th October, 1999 between UPC and Citibank N.A. for the \$200,000,000 10⁷/₈ per cent. senior notes due 2007 and the €100,000,000 10⁷/₈ per cent. senior notes due 2007;
- (f) the indenture dated 29th October, 1999 between UPC and Citibank N.A. for the \$252,000,000 11¹/₄ per cent. senior notes due 2009 and the €101,000,000 11¹/₄ per cent. senior notes due 2009;
- (g) the indenture dated 29th October, 1999 between UPC and Citibank N.A. for the \$478,000,000 13³/₈ per cent. senior discount notes due 2009 and the €191,000,000 13³/₈ per cent. senior discount notes due 2009;
- (h) the indenture dated 20th January, 2000 between UPC and Citibank N.A. for the \$300,000,000 11¹/₂ per cent. senior notes due 2010;
- (i) the indenture dated 20th January, 2000 between UPC and Citibank N.A. for \$600,000,000 11¹/₄ per cent. senior notes due 2010 and the €200,000,000 11¹/₄ per cent. senior notes due 2010; and
- (j) the indenture dated 20th January, 2000 between UPC and Citibank N.A. for the \$1,000,000,000 13³/₄ per cent. senior discount notes due 2010,

in each case as in effect on 26th October, 2000.

Initial Additional Facility Lender means a person which becomes a Lender under an Additional Facility pursuant to Clause 2.2 (Additional Facilities).

Intellectual Property Rights means all know-how, patents, trade marks, designs and design rights, trading names, copyrights (including any copyright in computer software), database rights and

other intellectual property rights anywhere in the world (in each case whether registered or not and including all applications for the same).

Interconnect Agreements means each interconnection agreement, network contract, franchise agreement, telecommunications service agreement and any agreement of a similar nature entered into by any member of the Borrower Group in connection with the conduct of its business as may be permitted by the terms of this Agreement (including any interconnect agreements maintained pursuant to Clause 16.20 (Inter-connection and chello)).

Intercreditor Agreement means the intercreditor deed entered into on or about the date of this Agreement between, among others, the Facility Agent and the Security Agent, the facility agent and security agent under the Existing Facility Agreement and UPC Broadband.

Interest has the meaning given to it in Clause 17.1 (Financial definitions).

Interest Date means the last day of an Interest Period.

Interest Period means each period determined in accordance with Clause 8 (Interest).

Lender means each Facility D Lender and each Additional Facility Lender (if any).

LIBOR means in relation to any Advance or Unpaid Sum denominated in US Dollars:

- (a) the applicable Screen Rate for deposits in US Dollars for a period equal or comparable to the required period at or about 11.00 a.m. on the applicable Rate Fixing Day; or
- (b) (if no Screen Rate is available for the required currency or required period of that Advance or Unpaid Sum) the arithmetic mean (rounded upwards, if necessary, to the nearest four decimal places) of the respective rates, as supplied to the Facility Agent at its request, quoted by the Reference Banks to leading banks for the offering of deposits in the required currency and for the required period in the London interbank market at or about 11.00 a.m. on the Rate Fixing Day for such period,

and for the purposes of this definition, **required period** means the applicable Interest Period of an Advance or the period in respect of which LIBOR falls to be determined in relation to any Unpaid Sum.

Licence means each approval, consent, authorisation and licence from, and all filings, registrations and agreements with any governmental or regulatory authority, in each case granted, issued, made or entered into pursuant to any Telecommunications and Cable Law necessary in order to enable each member of the Borrower Group to carry on its business as may be permitted by the terms of this Agreement.

LMA means the Loan Market Association.

Majority Acquisition has the meaning given in paragraph (c) of the definition of "Permitted Acquisition".

Majority Lenders means, at any time Lenders the aggregate of whose undrawn Facility D Commitments, and undrawn Additional Facility Commitments (translated into euros, where such Commitment is denominated in US Dollars, on the basis of the Agent's Spot Rate of Exchange on the date of the Additional Facility Accession Agreement) and participations in outstanding Facility D Advances and Additional Facility Advances (calculated by reference to the Original Euro Amount of such Advances) exceeds $66\frac{2}{3}$ per cent. of the aggregate undrawn Total Facility D1 Commitments, undrawn Total Facility D2 Commitments, undrawn Total Facility D3 Commitments, undrawn Total Facility D4 Commitments, undrawn Facility D5 Commitments, undrawn Total Additional Facility Commitments for all Additional Facilities and the Original Euro Amount of outstanding Advances.

Management Fees means any management, consultancy or similar fees payable by any member of the Borrower Group to any Restricted Person.

Mandatory Cost means the percentage rate per annum calculated by the Facility Agent in accordance with Schedule 3 (Mandatory Cost Formulae).

Margin means:

- (a) in the case of Facility D 5.50 per cent.; and
- (b) in the case of the Additional Facility the amount specified in and, if applicable, adjusted in accordance with the Additional Facility Accession Agreement, such rate not to exceed the Margin applicable in relation to Facility D or, if Facility D has been cancelled, the Margin applicable in relation to Facility D immediately prior to such cancellation.

Material Adverse Effect means any event or circumstance which has a material adverse effect on the ability of the Obligors (taken as a whole) to perform their payment or other material obligations under any of the Finance Documents.

Material Contracts means:

- (a) the Interconnect Agreements;
- (b) the Priority Pledge;
- (c) the Shareholders' Agreements as from time to time amended, varied, restated or replaced, in each case in a manner that does not constitute an Event of Default under Clause 18.18 (Material Contracts); and
- (d) each other agreement agreed as such by the Facility Agent and UPC Broadband.

Material Subsidiary means any Subsidiary of UPC Broadband which accounts for more than five per cent. of one or more of:

- (a) the book value of the consolidated assets of the Borrower Group; or
- (b) the consolidated revenues of the Borrower Group; or
- (c) consolidated EBITDA of the Borrower Group,

all as shown in the financial statements most recently delivered under Clause 16.2(a) or (b) (Financial information) (except that for purposes of determining the consolidated revenues and consolidated EBITDA of the Borrower Group in respect of the financial statements delivered under Clause 16.2(b) (Financial information), the respective amounts of such revenues and such EBITDA shall equal two times the consolidated revenues and consolidated EBITDA, respectively, of the Borrower Group during the relevant Ratio Period ending on the date to which such financial statements are prepared).

If a Subsidiary which is not a Material Subsidiary on the basis of the most recent such financial statements most recently delivered receives on any date (the **Relevant Date**) a transfer of assets or the right to receive any revenues or other earnings which, taken together with the existing assets or, as the case may be, revenues or earnings of that Subsidiary, would satisfy either of the tests in paragraphs (a), (b) or (c) above, then that Subsidiary shall also be a Material Subsidiary on and from the Relevant Date. If a Material Subsidiary disposes of any assets or the right to receive any revenues or earnings such that it would on the basis of the most recent such financial statements most recently delivered cease to be a Material Subsidiary, then it shall be excluded as a Material Subsidiary on and from the date it makes such disposal.

Mid-Interest Period Transfer means an assignment, transfer or novation by an Existing Lender of all or any of its rights and/or obligations in respect of an Advance under this Agreement in accordance with Clause 26.2 (Transfers by Lenders) where such assignment, transfer or novation:

- (a) includes the assignment or transfer of the right to receive an amount of principal and interest under this Agreement; and
- (b) is made on a day other than the last day of an Interest Period.

Necessary Authorisations means all material approvals, consents, authorisations and licences (other than the Licences) from, all rights granted by and all filings, registrations and agreements with, any government or other regulatory authority necessary in order to enable each member of the Borrower Group to carry on its business as may be permitted by the terms of this Agreement as carried on by it at the relevant time.

Net Proceeds means the aggregate cash (or cash equivalent) proceeds received by any member of the Borrower Group in consideration for or otherwise in respect of a relevant disposal, net of all Taxes applicable on, or to any gain resulting from, that disposal and of all reasonable costs, fees and expenses properly incurred by continuing members of the Borrower Group in arranging and effecting that disposal.

Network means the networks operated from time to time by any member of the Borrower Group pursuant to the Licences and in accordance with this Agreement.

New Lender has the meaning given to it in Clause 26.2 (Transfers by Lenders).

non-Distribution Business Assets has the meaning given to it in Clause 16.10(b)(ix) (Disposals).

Novation Certificate has the meaning given to it in Clause 26.3(a)(i) (Procedure for novations).

Obligor means a Borrower or a Guarantor including, for the purposes of Clause 18 (Default), any Subsidiary of UPC Broadband that is required to become a Guarantor under Clause 26.4 (Additional Obligors) but has not yet become a Guarantor.

Obligor Accession Agreement means a deed in the form of Part 3 of Schedule 5 (Obligor Accession Agreement), with such amendments as the Facility Agent may approve or reasonably require (including, without limitation, any limitation on the obligations of the relevant Additional Guarantor which has been approved by the Facility Agent pursuant to Clause 26.4(a)(vi) (Additional Obligors).

Obligor Pledge of Shareholder Loans means the deeds of pledge of shareholder loans entered into between certain Obligors and the Security Agent listed in sub-paragraphs 3(a), (c), (d), (e), (f) and (g) of Schedule 7 (Security Documents) and any other deed of pledge of shareholder loans in substantially the same form entered into by an Obligor pursuant to any such deed of pledge or Clause 16.14(a) (Loans and guarantees) or Clause 26.4 (Additional Obligors).

Obligors' Framework Agreement means the Framework Agreement (as defined in any Obligor Pledge of Shareholder Loans).

Original Borrower Group Financial Statements means the financial statements of the Borrower Group for the Accounting Period ended 31st March, 2003 (comprising the unaudited compiled financial statements of each of the Obligors for the Accounting Period ended 31st March, 2003 and a combination of those financial statements).

Original Euro Amount means:

- (a) the principal amount of a Facility D1 Advance, Facility D2 Advance, Facility D3 Advance, Facility D4 Advance, Facility D5 Advance or Additional Facility Advance (as applicable) denominated in euros; or
- (b) the principal amount of an Additional Facility Advance denominated in US Dollars, translated into euros on the basis of the Agent's Spot Rate of Exchange on the date of receipt by the Facility Agent of the Request for the relevant Advance.

Participating Member State means a member state of the European Community that adopts or has adopted the euro as its lawful currency in accordance with legislation of the European Community for Economic Monetary Union.

Party means a party to this Agreement.

Permitted Acquisition means:

- (a) any Acquisition of a member of the Borrower Group by any other member of the Borrower Group as part of the solvent reorganisation of the Borrower Group; or
- (b) any Acquisition where, upon completion of the Acquisition, the person acquired will be a Subsidiary of UPC Broadband or where UPC Broadband or one of its Subsidiaries which is a member of the Borrower Group will own directly or indirectly greater than a 50 per cent. interest in the asset or assets constituting the acquired business (a **Majority Acquisition**) and where:

- (i) the business of the acquired entity or the business acquired, as the case may be, is of the same nature as the business of the Borrower Group as at the Effective Date and is carried out principally in Europe (other than Great Britain or Germany);
- (ii) in the case of any Majority Acquisition where the Acquisition Cost is €40,000,000 or greater, UPC Broadband delivers to the Facility Agent:

(A) a Borrower Group Business Plan which must:

- I. contain cash flow projections which show that the sum of the undrawn Total Facility A Commitments (as defined under the Existing Facility Agreement), any undrawn Additional Facility Commitments that are available to be drawn for the general corporate and working capital purposes of the Borrower Group, and Unrestricted Cash, taking into account the proposed Majority Acquisition, is projected to be greater than €100,000,000 on the date on which financial covenants relating to the eleventh quarterly Accounting Period after the quarterly Accounting Period in which the Acquisition is made are tested under Clause 17 (Financial Covenants); and
- II. contain financial projections which demonstrate that the Borrowers will be in compliance with the undertakings set out in Clause 17 (Financial Covenants) for the period from completion of the Acquisition (taking into account the Acquisition Cost of such Acquisition) to the Final Maturity Date; and

(B) an Acquisition Business Plan;

- (iii) UPC Broadband delivers to the Facility Agent the most recent six-months management accounts of or relating to the Target, together with a certificate signed by two managing directors or the sole managing director, as the case may be, of UPC Broadband certifying the amount of the Cash Flow of the Target for the most recent six months and setting out the supporting calculations;

- (iv) no Default has occurred and is continuing or would be caused by the Majority Acquisition; and
- (v) UPC Broadband delivers to the Facility Agent a certificate signed by two managing directors or the sole managing director of UPC Broadband which certifies that, if the ratio of Senior Debt to Annualised EBITDA of the Borrower Group was re-calculated for the most recent Ratio Period ending prior to the date of the Acquisition for which financial statements have been delivered pursuant to Clause 16.2(a) or (b) (Financial information) (the **Relevant Ratio Period**) but adding to the:
 - (A) amount of Senior Debt used in such calculation any net increase in the Senior Debt of the Borrower Group since the end of the Relevant Ratio Period or subtracting from the amount of Senior Debt used in such calculation any net deduction in the Senior Debt of the Borrower Group (in each case taking into account the amount of Senior Debt used to fund the Acquisition Cost); and
 - (B) Annualised EBITDA of the Borrower Group, the Annualised EBITDA of the Target for the Relevant Ratio Period,

the ratio of Senior Debt to Annualised EBITDA of the Borrower Group would be less than the higher of:

- I. 4.0:1; and
- II. the ratio of Senior Debt to Annualised EBITDA of the Borrower Group for the Relevant Ratio Period.

All references in this definition to euro or € shall, where applicable, mean the equivalent in any other currency, converted to euro, based on the Agent's Spot Rate of Exchange at the relevant time.

Permitted Borrower Group Guarantee Facilities means the guarantee facilities under which UPC Broadband and/or any of its Subsidiaries can draw guarantees up to a maximum aggregate principal amount of €10,000,000.

Permitted Borrower Group Revolving Credit Facility means the revolving credit facility to be entered into after the date of the Amendment Agreement by UPC Broadband as borrower, under which UPC Broadband can borrow revolving advances for general corporate and working capital purposes of the Borrower Group up to a maximum principal amount of €10,000,000.

Permitted Business means the carrying on of the Business in Europe.

Permitted Financial Indebtedness has the meaning given to it in Clause 16.12(b) (Restrictions on Financial Indebtedness).

Permitted Joint Venture means:

- (a) any Acquisition referred to in paragraph (a) of the definition of "Permitted Acquisition" and any Acquisition as a result of a reorganisation of a person that is not a Subsidiary of UPC Broadband but in which a member of the Borrower Group has an interest, provided that such reorganisation does not result in an overall increase in the value of the Borrower Group's interest in that person, other than adjustments to the basis of any member of the Borrower Group's interest in accordance with GAAP; or
- (b) any Acquisition where, upon completion of the Acquisition, the person acquired will not be a Subsidiary of UPC Broadband or where UPC Broadband or one of its Subsidiaries which is a member of the Borrower Group will own directly or indirectly no more than a 50 per cent.

interest in the asset or assets constituting the acquired business (a **JV Minority Acquisition**) and where:

- (i) the business of the acquired entity or the business acquired, as the case may be, is of the same nature as the business of the Borrower Group as at the Effective Date and is carried out principally in Europe (other than Great Britain or Germany);
- (ii) in the case of any JV Minority Acquisition where the Acquisition Cost is €40,000,000 or greater, UPC Broadband delivers to the Facility Agent:
 - (A) a Borrower Group Business Plan which in relation to any JV Minority Acquisition must:
 - I. contain cash flow projection which show that the sum of the undrawn Total Facility A Commitments (as defined in the Existing Facility Agreement), any undrawn Additional Facility Commitments that are available to be drawn for the general corporate and working capital purposes of the Borrower Group, and Unrestricted Cash, taking into account the proposed JV Minority Acquisition, is projected to be greater than €100,000,000 on the date on which financial covenants relating to the eleventh quarterly Accounting Period after the quarterly Accounting Period in which the Acquisition is made are tested under Clause 17 (Financial Covenants); and
 - II. contain financial projections which demonstrate that the Borrowers will be compliance with the undertakings set out in Clause 17 (Financial Covenants) for the period from completion of the Acquisition (taking into account the Acquisition Cost of such Acquisition) to the Final Maturity Date; and
 - (B) an Acquisition Business Plan;
- (iii) UPC Broadband delivers to the Facility Agent the most recent six months management accounts of or relating to the Target, together with a certificate signed by two managing directors or the sole managing director, as the case may be, of UPC Broadband certifying the amount of the Cash Flow of the Target for the most recent six months and setting out the supporting calculations;
- (iv) no Default has occurred and is continuing or would be caused by the JV Minority Acquisition; and
- (v) UPC Broadband delivers to the Facility Agent a certificate signed by two managing directors or the sole managing director of UPC Broadband which certifies that, if the ratio of Senior Debt to Annualised EBITDA of the Borrower Group was re-calculated for the most recent Ratio Period ending prior to the date of the Acquisition for which financial statements have been delivered pursuant to Clause 16.2(a) or (b) (Financial information) (the **Relevant Ratio Period**) but adding to the:
 - (A) amount of Senior Debt used in such calculation any net increase in the Senior Debt of the Borrower Group since the end of the Relevant Ratio Period or subtracting from the amount of Senior Debt used in such calculation any net deduction in the Senior Debt of the Borrower Group since the end of the Relevant Ratio Period (in each case taking into account the amount of Senior Debt used to fund the Acquisition Cost); and
 - (B) Annualised EBITDA of the Borrower Group the Annualised EBITDA of the Target for the Relevant Ratio Period,

the ratio of Senior Debt to Annualised EBITDA of the Borrower Group would be less than the higher of:

- (I) 4.0:1; and
- (II) the ratio of Senior Debt to Annualised EBITDA of the Borrower Group for the Relevant Ratio Period.

All references in this definition to euro or € shall, where applicable, mean the equivalent in any other currency, converted to euro, based on the Agent's Spot Rate of Exchange at the relevant time.

Permitted Payment has the meaning given to it in Clause 16.13(c) (Restricted Payments).

Permitted Security Interest means:

- (a) any Security Interest arising hereunder or under any Security Document;
- (b) any Security Interest arising under any Existing Security Document;
- (c) any liens arising in the ordinary course of business by way of contract which secure indebtedness under any agreement for the supply of goods or services in respect of which payment is not deferred for more than 180 days (or 360 days if such deferral is in accordance with the terms pursuant to which the relevant goods were acquired or services were provided);
- (d) any Security Interest imposed by any taxation or governmental authority in respect of amounts which are being contested in good faith and not yet payable and for which adequate reserves have been set aside in the books of the Borrower Group (or, as the case may be, UPC Broadband Holdco) in respect of the same in accordance with GAAP;
- (e) any Security Interests approved in writing by the Agent (acting on the instructions of the Majority Lenders);
- (f) any Security Interest in favour of any bank incurred in relation to any cash management arrangements;
- (g) rights of set-off arising in the ordinary course of business;
- (h) any Security Interest securing any Financial Indebtedness referred to in Clause 16.12(b)(xi) (Restrictions on Financial Indebtedness), provided that (A) such Security Interest was not created in contemplation of the acquisition of such company, (B) the debt secured by such Security Interest is not increased beyond that secured at the date the company in question is acquired and such Security Interest secures only that debt and (C) such Encumbrance is discharged within 12 months of completion of the relevant acquisition;
- (i) any Security Interest over non-Distribution Business Assets referred to in Clause 16.12(b)(xii) (Restrictions on Financial Indebtedness), securing Financial Indebtedness described therein or any other obligation in respect of such non-Distribution Business Assets;
- (j) the Security Interest arising under the deed of pledge and deed of mortgage (the KTA Pledge and Mortgage) that was granted to the Municipality of Amsterdam by Kabletelevisie Amsterdam B.V. (KTA) on 8th May, 2002 under the agreement between the Municipality of Amsterdam and KTA in respect of the construction, maintenance and operation of a cable network in the Municipality of Amsterdam provided that no material changes are made to the terms of the KTA Pledge and Mortgage;

- (k) Security Interests arising under agreements entered into in the ordinary course of business relating to (i) network leases or (ii) the leasing of (A) building; (B) cars; and (C) other operational equipment;
- (l) any Security Interest securing Financial Indebtedness arising under the Permitted Borrower Group Revolving Credit Facility or the Permitted Borrower Group Guarantee Facilities provided that any such Security Interest will constitute a Security Interest over assets that are not secured or required to be secured as at the date of the Amendment Agreement under the Finance Documents or the Existing Finance Documents; and
- (m) any Security Interests not falling within paragraphs (a) to (l) above and securing indebtedness (other than indebtedness in relation to an Acquisition) not exceeding €15,000,000 (or its equivalent).

Plan means a plan that is subject to section 302 or regulated by Title IV of ERISA maintained by any member of the Borrower Group or any ERISA Affiliate currently or at any time within the last five years, or to which any member of the Borrower Group or any ERISA Affiliate is required to make payments or contributions or has made payments or contributions within the past five years.

Pledge of Subordinated Shareholder Loans means the deed of pledge and subordination of Subordinated Shareholder Loans entered into between certain Restricted Persons and the Security Agent listed in sub-paragraph 3(b) of Schedule 7 (Security Documents) and any other deed of pledge entered into pursuant to any such deed of pledge or Clause 16.25(a) (Shareholder Loans).

Polska Holdco means:

- (a) UPC Poland Holding B.V. (previously called UPC Telecom NV); and
- (b) if the entity referred to in (a) above:
 - (i) consolidates with or merges with or is acquired by any other person or persons; or
 - (ii) directly or indirectly, sells, leases, conveys or transfers all or substantially all of its assets to any other person or persons,

the successor person (including any Holding Company which holds all the shares of Polska Holdco) formed by such consolidation or into which such entity is merged or to which such conveyance, transfer or lease is made.

Priority Pledge means the pledge entered into between UPC Broadband as pledgee and Priority Telecom Netherlands N.V. as pledgor dated 30th August, 2002 in relation to telephony switches.

Professional Market Party means a professional market party (*professionele marktpartij*) under the Dutch Exemption Regulation.

Rate Fixing Day means:

- (a) the second Business Day before the Utilisation Date of an Advance denominated in US Dollars; or
- (b) the second TARGET Day before the Utilisation Date of an Advance denominated in euros,

or such other day on which it is market practice in the London or, as the case may be, European interbank market for leading banks to give quotations in the relevant currency for delivery on the first day of the relevant Utilisation Date.

Ratio Period has the meaning given to it in Clause 17.1 (Financial definitions).

Reference Banks means, subject to Clause 26.5 (Reference Banks), the principal London offices of JPMorgan Chase Bank, The Toronto-Dominion Bank and CIBC World Markets plc.

Related Fund means, with respect to any Additional Facility Lender that is a fund that invests in commercial loans, any other fund that invests in commercial loans and is administered or managed by (a) that Additional Facility Lender, (b) any Affiliate of that Additional Facility Lender or (c) the same investment adviser (or an Affiliate of that investment adviser) that administers or manages that Additional Facility Lender.

Relevant Convertible Preference Shares means, at any time, convertible preference shares issued by a member of the UGCE Borrower Group but excluding:

- (a) convertible preference shares that cannot in accordance with their terms be redeemed for cash:
 - (i) before the date on which all amounts outstanding under the Finance Documents and the Existing Finance Documents have been repaid or prepaid in full; or
 - (ii) (if they can be redeemed for cash before that date) until the ratio of Senior Debt to Annualised EBITDA (i) is 3.5:1 or less for the two immediately preceding consecutive Ratio Periods and (ii) will be less than 3.5:1 immediately after such cash redemption; and
- (b) convertible preference shares issued by a member of the UGCE Borrower Group and subscribed for by a member of the Wider Group.

Relevant Eastern European Subsidiary means any Subsidiary of any Obligor which Subsidiary is incorporated and has all its material operations in Eastern Europe, provided that the aggregate of the contributions of the Relevant Eastern European Subsidiaries to the consolidated total assets, consolidated revenues and consolidated EBITDA of the Borrower Group attributable to Eastern Europe does not exceed in aggregate 10 per cent.

For the purposes of this definition, consolidated revenues and consolidated EBITDA of the Borrower Group or any Subsidiary of an Obligor shall be determined by reference to the 12 month period ending on the most recent date in respect of which financial statements have been delivered to the Facility Agent under Clause 16.2(b) (Financial information) and consolidated total assets shall be determined as at such date by reference to such financial statements.

Relevant Event means a Default in relation to (a) Clause 18.2 (Non-payment) or (b) Clause 17.2 (Financial ratios).

Relevant Existing Facility Repayment means:

- (a) in the case of Facility D1, the amount of Facility B scheduled to be repaid on 31st December, 2004;
- (b) in the case of Facility D2, the amount of Facility B scheduled to be repaid on 30th June, 2005;
- (c) in the case of Facility D3, the amount of Facility B scheduled to be repaid on 31st December, 2005;
- (d) in the case of Facility D4, the amount of Facility B scheduled to be repaid on 30th June, 2006;
- (e) in the case of Facility D5, the amount of Facility B scheduled to be repaid on 31st December, 2006,

or in each case if such day is not a Business Day, on the immediately preceding Business Day in accordance with the Existing Facility.

Relevant Facility B Lender means a lender under Facility B which has entered into a Relevant Facility B Sub-participation Agreement with a Facility D Lender as sub-participant or any other form of sub-participation agreement in respect of its participation in Facility B with a Facility D Lender in amounts which mean that lenders under Facility B and Facility D Lenders are in compliance with Clause 26.2(a)(ii) (Transfers by Lenders) of this Agreement and clause 26.2(a)(ii) (Transfers by Lenders) of the Existing Facility Agreement.

Relevant Facility B Sub-participation Agreement means a sub-participation agreement substantially in the form of Part 2 of Schedule 5 entered into between a Facility D Lender as sub-participant and a Relevant Facility B Lender in relation to one or more Relevant Repayment Instalments (as defined in Clause 7.10 (Automatic Cancellation) in relation to Facility D).

Repayment Instalment has the meaning given to that term in Clause 6.1 (Repayment of Advances).

Reportable Event means:

- (a) an event specified as such in section 4043 of ERISA or any regulation promulgated thereunder, with respect to a Plan that is subject to Title IV of ERISA, other than an event in relation to which the requirement to give 30 days notice of that event is waived by any regulation; or
- (b) a failure to meet the minimum funding standard under section 412 of the Code or section 302 of ERISA with respect to a Plan that is subject to such sections of the Code and ERISA, whether or not there has been any waiver of notice or waiver of the minimum funding standard under section 412 of the Code.

Request means a request made by a Borrower to utilise any of the Facilities and, subject to Clause 5.2 (Form of Request), substantially in the form of Part 1 of Schedule 4 (Form of Request).

Requested Amount means the amount requested in a Request.

Restricted Payment has the meaning given to it in Clause 16.13(b) (Restricted Payments).

Restricted Person means UGCE Inc., UPC, Belmarken, UPC Holding, any other company (not being a member of the Borrower Group) which is a Subsidiary of, or an Associated Company of, UGCE Inc. (other than Associated Companies of UGCE Inc. which are its Associated Companies by virtue of controlling UGCE Inc. or owning beneficially and/or legally directly or indirectly 10 per cent. or more of the equity interests in UGCE Inc.).

Restricted Person's Framework Agreement means the Framework Agreement as defined in any Pledge of Subordinated Shareholder Loans.

Restructuring means the transfer of share capital and intercompany receivables that took place prior to the Signing Date so that the Borrower Group was restructured to consist of UPC Broadband and its Subsidiaries as described in the structure chart set out at Schedule 8 (Borrower Group Structure).

Sale and Purchase Agreements means the following sale and purchase agreements relating to the sale and transfer of shares and receivables entered into on 9th April, 2003 between:

- (a) UPC, Belmarken, UPC Holding, UPC Broadband and UPC Broadband Operations B.V. (previously called UPC Operations B.V.);
- (b) UPC, Belmarken, UPC Holding and UGC Europe Services B.V. (previously called UPC Services B.V.);
- (c) UPC, Belmarken, UPC Holding, UPC Broadband and UPC Broadband Holding Services B.V. (previously called UPC Holding Services B.V.); and

(d) UPC, Belmarken, UPC Holding, UPC Broadband and UPC Services Ltd.

Screen Rate means:

- (a) in relation to LIBOR, the British Bankers Association Interest Settlement Rate for the relevant currency and period; and
- (b) in relation to EURIBOR, the percentage rate per annum determined by the Banking Federation of the European Union for the relevant period,

displayed on the appropriate page of the Reuters screen. If that page is replaced or the service ceases to be available, the Facility Agent may specify another page or service displaying the appropriate rate after consultation with UPC Broadband and the Lenders.

Security Deed means the Security Deed to be entered into between, among others, each Obligor, the Facility Agent, the Security Agent, the Lenders, the High Yield Hedging Banks and each Subordinated Creditor and includes each Deed of Accession (as defined in the Security Deed) entered into in relation to the Security Deed.

Security Documents means:

- (a) the documents listed in Schedule 7 (Security Documents); and
- (b) such other security documents as may from time to time be entered into in favour of any Beneficiary pursuant to any of the Finance Documents (including without limitation any other Obligor Pledge of Shareholder Loans or Pledge of Subordinated Shareholder Loans, any security document referred to in Clause 16.23 (UPC Broadband Pledged Account), Clause 16.24 (Share security) or Clause 16.26 (Further security over receivables) and any security document provided to the Security Agent in connection with the accession of an Additional Obligor pursuant to Clause 26.4 (Additional Obligors) and Part 2 of Schedule 2 (Conditions Precedent Documents) or otherwise.

Security Interest means any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment by way of security, trust arrangement for the purpose of providing security or other security interest of any kind securing any obligation of any person or any other arrangement having the effect of conferring rights of retention or other disposal rights over an asset (including without limitation title transfer and/or retention arrangements having a similar effect or a deposit of money with the primary intention of affording a right of set-off) and includes any agreement to create any of the foregoing but does not include (a) liens arising in the ordinary course of business by operation of law and not by way of contract and (b) any grant of indefeasible rights of use or equivalent arrangements with respect to network capacity, communications, fibre capacity or conduit.

Security Provider's Deed of Accession has the meaning given to it in the Security Deed.

Senior Beneficiary has the meaning given to the term in the Security Deed.

Senior Debt has the meaning given to it in Clause 17.1 (Financial definitions).

Senior Hedging Agreements means any Cash Flow Hedging Agreement and all interest rate and/or currency swap and/or interest rate and/or currency cap and/or other interest rate and/or currency hedging agreements entered into or to be entered into by any member of the Borrower Group with any of the Senior Hedging Banks from time to time in relation to the Borrower Group's floating rate interest exposure and/or currency exposure and for the avoidance of doubt shall include, without limitation, the hedging arrangements entered into between UPC Broadband and Bank of America, N.A. and the hedging arrangements entered into between UPC Broadband and JP Morgan Chase Bank, each as described in schedules 1 and 2 respectively of the letter dated

20th December, 2002 between the Existing Facility Agent on behalf of the Majority Lenders under the Existing Facility and UPC Broadband.

Serviceable Subordinated Debt means any Financial Indebtedness not prohibited by the Finance Documents or the Existing Finance Documents (including, for the avoidance of doubt, High Yield Notes and Relevant Convertible Preference Shares) which is raised by an entity that is not a member of the Borrower Group, all or part of, the proceeds of which are on-lent directly or indirectly to a member of the Borrower Group by a Subordinated Creditor by means of a Subordinated Shareholder Loan provided that, all or part of, such proceeds are applied in permanent prepayment and cancellation of the Facilities in accordance with this Agreement or of the Existing Facility in accordance with the Existing Facility Agreement.

Shareholder means UGCE Inc. or a Subsidiary (as defined in any relevant Indenture) of UGCE Inc.

Shareholders' Agreements means the agreements listed in Schedule 9 (Shareholders' Agreements).

Signing Date means the date of this Agreement.

Sterling means the lawful currency for the time being of the United Kingdom.

Subordinated Creditor means any Restricted Person who has, at any relevant time, entered into a Pledge of Subordinated Shareholder Loans and the Security Deed or a Security Provider's Deed of Accession.

Subordinated Shareholder Loans means any Financial Indebtedness of any member of the Borrower Group owed to a Subordinated Creditor.

Subsidiary of a person means any company or entity directly or indirectly controlled by such person, for which purpose **control** means ownership of more than 50 per cent. of the economic and/or voting share capital (or equivalent right of ownership of such company or entity).

Target means any assets or entity which is or are the subject of an Acquisition in accordance with the terms of this Agreement.

TARGET Day means a day on which the Trans-European Automated Real-Time Gross Settlement (TARGET) System is operating.

Taxes or **Tax** means all present and future taxes, imposts, duties, levies, fees or charges of a similar nature, together with interest thereon and penalties in respect thereof.

Telecommunications and Cable Law means all laws, statutes, regulations and judgments relating to telecommunications, cable television and data services applicable to any member of the Borrower Group and/or the business carried on by any member of the Borrower Group in any jurisdiction in which a member of the Borrower Group is incorporated or formed or in which such member has its principal place of business or owns any material assets.

Telekabel Wien means Telekabel Wien GmbH a company incorporated under the laws of Austria with its corporate seat at Erlachgasse 116, 1100 Wien, Austria and with registration number FN 84116a.

Third Party Debt means any Financial Indebtedness which is owed to any person other than a member of the Wider Group (but, for the avoidance of doubt, excluding any indebtedness arising under any instrument that does not impose any obligations on the obligor to make any cash payment and does not permit such obligor to elect to make any cash payments and to the extent only that such instrument is not amended so as to become an instrument under which there are (or may be) cash payment obligations).

Total Additional Facility Commitments means in relation to an Additional Facility, the aggregate for the time being of the Additional Facility Commitments for that Additional Facility.

Total Cash Interest has the meaning given to it in Clause 17.1 (Financial definitions).

Total Commitments means the aggregate for the time being of the Total Facility D1 Commitments, Total Facility D2 Commitments, Total Facility D3 Commitments, Total Facility D4 Commitments, Total Facility D5 Commitments and the aggregate Total Additional Facility Commitments for all Additional Facilities.

Total Debt has the meaning given to it in Clause 17.1 (Financial definitions).

Total Facility D Commitments means the aggregate for the time being of the Total Facility D1 Commitments, Total Facility D2 Commitments, Total Facility D3 Commitments, Total Facility D4 Commitments and Total Facility D5 Commitments

Total Facility D1 Commitments means the aggregate for the time being of the Facility D1 Commitments, being €109,371,094 on the Signing Date.

Total Facility D2 Commitments means the aggregate for the time being of the Facility D2 Commitments, being €196,867,969 on the Signing Date.

Total Facility D3 Commitments means the aggregate for the time being of the Facility D3 Commitments, being €196,867,969 on the Signing Date.

Total Facility D4 Commitments means the aggregate for the time being of the Facility D4 Commitments, being €284,364,844 on the Signing Date.

Total Facility D5 Commitments means the aggregate for the time being of the Facility D5 Commitments, being €284,364,844 on the Signing Date.

UGC means:

- (a) UnitedGlobalCom, Inc. a corporation incorporated in the State of Delaware, United States and, as of the Signing Date, having its business office at 4643 South Ulster Street, Suite 1300, Denver, Colorado 80237 U.S.A.; and
- (b) if the entity referred to in (a) above:
 - (i) consolidates with or merges with any other person or persons; or
 - (ii) directly or indirectly, sells, leases, conveys or transfers all or substantially all of its assets to any other person or persons,

the successor person formed by such consolidation or into which such entity is merged or to which such conveyance, transfer or lease is made.

UGC Convertible means the €500,000,000 convertible notes issued by UGC on or about 2nd April, 2004 due 15th April, 2024.

UGCE Borrower Group means:

- (a) UGCE Inc.;
- (b) any other company of which UPC Broadband is a Subsidiary and which is a Subsidiary of UGCE Inc.; and
- (c) UPC Holding II.

UGCE Inc. means:

- (a) UGC Europe Inc. a company organised under the laws of the State of Delaware; and

(b) if the entity referred to in (a) above:

- (i) consolidates with or merges with any other person or persons; or
- (ii) directly or indirectly, sells, leases, conveys or transfers all or substantially all of its assets to any other person or persons,

the successor person formed by such consolidation or into which such entity is merged or to which such conveyance, transfer or lease is made.

United States or US means the United States of America.

Unpaid Sum means any sum due and payable but unpaid by an Obligor under the Finance Documents.

Unrestricted Cash has the meaning given to that term under GAAP.

Unrestricted Subsidiary means each Subsidiary of UPC Broadband and, prior to the Restructuring, each Subsidiary of each Obligor that is not a Subsidiary of UPC Broadband, the acquisition cost of which and whose on-going funding requirements are not funded directly or indirectly (in whole or in part) by any member of the Borrower Group by way of drawings under the Facilities and which is designated by UPC Broadband in writing as an Unrestricted Subsidiary.

UPC means United Pan-Europe Communications N.V., a public limited liability company incorporated under the laws of The Netherlands and, as of the Signing Date, with its registered office at Amsterdam and its business office at Boeing Avenue 53, 1119 PE Schiphol Rijk, Amsterdam, The Netherlands.

UPC Broadband Holdco means the immediate Holding Company of UPC Broadband from time to time, being UPC Holding as of the Signing Date.

UPC Broadband Pledged Account has the meaning given in Clause 16.23(b) (UPC Broadband Pledged Account).

UPC Financing means UPC Financing Partnership, a general partnership formed under the laws of Delaware, United States with its principal place of business at 4643 South Ulster Street, Suit 1300, Denver, Colorado 80237, USA.

UPC Holding means UPC Holding B.V., a limited liability company incorporated under the laws of The Netherlands and, as of the Signing Date, with its registered office at Amsterdam and its business office at Boeing Avenue 53, 1119 PE Schiphol Rijk, Amsterdam, The Netherlands.

UPC Holding II means UPC Holding II B.V., a limited liability company incorporated under the laws of The Netherlands and, as of the Signing Date, with its registered office at Amsterdam and its business office at Boeing Avenue 53, 1119 PE Schiphol Rijk, Amsterdam, The Netherlands.

UPC Polska means UPC Polska LLC.

UPC Polska Restructuring means the proposed financial restructuring relating to UPC Polska as particularly described in the First Amended Disclosure Statement dated 27th October, 2003, pursuant to which UPC Polska intends to restructure its capital structure and effectuate an overall compromise and settlement with certain parties and co-issue notes, stock and distribute cash in consideration for the transfer of claims outstanding under certain notes.

US Borrower means any Additional Borrower under this Agreement which is incorporated or formed under the laws of a State of the United States or that resides or has a domicile, a place of business or property in the United States.

US Dollars and **US\$** means the lawful currency for the time being of the United States.

US Obligor has the meaning given to it in Clause 18.6(c) (Insolvency).

Utilisation Date means:

- (a) in the case of Facility D1, 31st December, 2004;
- (b) in the case of Facility D2, 30th June, 2005;
- (c) in the case of Facility D3, 31st December, 2005;
- (d) in the case of Facility D4, 30th June, 2006;
- (e) in the case of Facility D5, 31st December, 2006; and
- (f) in the case of an Advance under an Additional Facility, the date specified as such in the relevant Request or, on and after the making and/or issue thereof pursuant to such Request, the date on which it was made and/or issued,

or, in the case of each Facility D, if such day listed above is not a Business Day, the immediately preceding Business Day.

VAT means value added or similar tax.

Verification Letter means a letter substantially in the form of Part 6 of Schedule 5 (Form of Verification Letter).

Western Europe means the countries that comprised the European Community as at the Effective Date, Scandinavia and Switzerland.

Wider Group means UGCE Inc. and each of its Affiliates including (for the avoidance of doubt) UGC, Liberty Global, Inc. and Liberty Media International, Inc. or any of their respective Subsidiaries.

1.2 Construction

- (a) In this Agreement, unless the contrary intention appears, a reference to:
 - (i) a document being in the **agreed form** means a document (A) in a form previously agreed in writing by or on behalf of the Facility Agent and UPC Broadband, or (B) in a form substantially as set out in any Schedule to any Finance Document, or (C) (if not falling within (A) or (B) above) in form and substance satisfactory to the Lenders and initialled by or on behalf of the Facility Agent and UPC Broadband for the purposes of identification;

amendment includes a supplement, novation or re-enactment and **amended** is to be construed accordingly;

assets includes all or any part of any business, undertaking, real property, personal property, uncalled capital and any rights (whether actual or contingent, present or future) to receive, or require delivery of, any of the foregoing;

references to the **equivalent** of an amount specified in a particular currency (the **specified currency amount**) shall be construed as a reference to the amount of the other relevant currency which can be purchased with the specified currency amount in the London foreign exchange market at or about 11.00 a.m. on the day on which the calculation falls to be made for spot delivery as determined by the Facility Agent in accordance with its customary practices;

European interbank market means the interbank market for euro operating in Participating Member States;

a **guarantee** includes a reference to an indemnity or other assurance against financial loss including, without limitation, an obligation to purchase assets or services as a consequence of a default by any other person to pay any indebtedness and **guaranteed** shall be construed accordingly;

indebtedness is a reference to any obligation for the payment or repayment of money, whether as principal or as surety and whether present or future, actual or contingent;

a **month** is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that, if there is no numerically corresponding day in the month in which that period ends, that period shall end on the last Business Day in that month;

permanent prepayment and cancellation means, in relation to any facility, a permanent prepayment of outstanding advances under that facility with a corresponding permanent cancellation of the total commitments in relation to that facility;

a **person** includes any individual, firm, company, corporation, unincorporated body of persons or any state or any of its agencies;

a **regulation** includes any present or future regulation, rule, directive, requirement, request or guideline (whether or not having the force of law but, if not having the force of law, only if compliance therewith is in accordance with the general practice of the relevant persons to whom it is intended to apply or, in the case of Clause 12 (Increased Costs) only, the relevant Finance Party or its Holding Company) of any agency, authority, central bank or government department or any self-regulatory or other national or supra-national authority;

- (ii) a provision of a law is a reference to that provision as amended, re-enacted or extended;
 - (iii) a Clause or a Schedule is a reference to a clause of or a schedule to this Agreement;
 - (iv) a person includes its successors, transferees and assigns;
 - (v) (or to any specified provision of) this Agreement or any other document shall be construed, save where expressly provided to the contrary in this Agreement, as a reference to this Agreement, that provision or that document as in force for the time being and as from time to time amended in accordance with its terms, or, as the case may be, with the agreement of the relevant parties and (where such consent is, by the terms of this Agreement or the relevant document, required to be obtained as a condition to such amendment being permitted) the prior written consent of the Facility Agent, all of the Lenders or the Majority Lenders (as the case may be);
 - (vi) other than in the definition of "EURIBOR" in Clause 1.1 (Definitions), a time of day is a reference to London time; and
 - (vii) words importing the plural include the singular and vice versa.
- (b) Unless the contrary intention appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.
 - (c) The index to and the headings in this Agreement are for convenience only and are to be ignored in construing this Agreement.

- (d) Unless expressly provided to the contrary in a Finance Document, a person who is not a party to a Finance Document may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999.
- (e) Notwithstanding any term of any Finance Document, the consent of any third party is not required for any variation (including any release or compromise of any liability under) or termination of that Finance Document.

1.3 Existing Facility Agents

The Existing Facility Agents are entering into this Agreement only for the purposes of giving the confirmation in Clause 5.5 (Relationship between Facility D and Existing Facility).

1.4 Existing Facility Agreement

- (a) Unless expressly stated to the contrary, and subject to paragraph (b), references in any of the Finance Documents to the Existing Finance Documents and to terms defined in, and provisions of, any of the Existing Finance Documents, shall be references to the relevant Existing Finance Document and such terms and provisions as at the Effective Date, as the same may be amended with the prior written approval of the Facility Agent (acting on the instructions of the Majority Lenders) from time to time.
- (b) References in any of the Finance Documents to any Finance Party (as defined in the Existing Facility Agreement) shall include such Finance Party's permitted successors, transferees or assigns from time to time.

2. THE FACILITIES

2.1 Facility D

The relevant Facility D Lenders grant to UPC Broadband:

- (a) a committed €109,371,094 term loan facility under which the relevant Lenders will, when requested by UPC Broadband, make cash advances in euros to UPC Broadband on the Utilisation Date for Facility D1;
- (b) a committed €196,867,969 term loan facility under which the relevant Lenders will, when requested by UPC Broadband, make cash advances in euros to UPC Broadband on the Utilisation Date for Facility D2;
- (c) a committed €196,867,969 term loan facility under which the relevant Lenders will, when requested by UPC Broadband, make cash advances in euros to UPC Broadband on the Utilisation Date for Facility D3;
- (d) a committed €284,364,844 term loan facility under which the relevant Lenders will, when requested by UPC Broadband, make cash advances in euros to UPC Broadband on the Utilisation Date for Facility D4; and
- (e) a committed €284,364,844 term loan facility under which the relevant Lenders will, when requested by UPC Broadband, make cash advances in euros to UPC Broadband on the Utilisation Date for Facility D5,

in each case subject to the terms of this Agreement.

2.2 Additional Facilities

- (a) Any person may, subject to the terms of this Agreement, become an Additional Facility Lender by delivering to the Facility Agent an Additional Facility Accession Agreement and, if the Borrower under the relevant Additional Facility is an entity incorporated in The Netherlands, a Verification Letter, in each case duly completed and executed by that person, UPC Broadband and, if the Additional Facility is to be granted to an Additional Borrower, the relevant Additional Borrower. That person shall become an Additional Facility Lender on the date specified in the Additional Facility Accession Agreement.
- (b) Upon the relevant person becoming an Additional Facility Lender, the Total Commitments shall be increased by the amount set out in the relevant Additional Facility Accession Agreement as that Additional Facility Lender's Commitment.
- (c) Each Additional Facility Lender will grant to the relevant Borrower a term loan facility in the amount specified in the relevant Additional Facility Accession Agreement in euros or US Dollars (as applicable) during the Additional Facility Availability Period specified in the Additional Facility Accession Agreement, subject to the terms of this Agreement.
- (d) The execution by UPC Broadband and the relevant Borrower of an Additional Facility Accession Agreement constitutes confirmation by each Guarantor that its obligations under Clause 14 (Guarantee) shall continue unaffected except that those obligations shall extend to the Total Commitments as increased by the addition of the relevant Additional Facility Lender's Commitment and shall be owed to each Finance Party including the relevant Additional Facility Lender.

2.3 Overall facility limits

- (a) The aggregate amount of all outstanding Facility D1 Advances shall not at any time exceed the Total Facility D1 Commitments.
- (b) The aggregate amount of all outstanding Facility D2 Advances shall not at any time exceed the Total Facility D2 Commitments.
- (c) The aggregate amount of all outstanding Facility D3 Advances shall not at any time exceed the Total Facility D3 Commitments;
- (d) The aggregate amount of all outstanding Facility D4 Advances shall not at any time exceed the Total Facility D4 Commitments.
- (e) The aggregate amount of all outstanding Facility D5 Advances shall not at any time exceed the Total Facility D5 Commitments.
- (f) The aggregate Original Euro Amount of all outstanding Additional Facility Advances under an Additional Facility shall not at any time exceed the Total Additional Facility Commitments for that Additional Facility.
- (g) The aggregate amount of:
 - (i) the participations of a Lender in Facility D1 Advances shall not at any time exceed that Lender's Facility D1 Commitment at that time;
 - (ii) the participations of a Lender in Facility D2 Advances shall not at any time exceed that Lender's Facility D2 Commitment at that time;
 - (iii) the participations of a Lender in Facility D3 Advances shall not at any time exceed that Lender's Facility D3 Commitment at that time;

- (iv) the participations of a Lender in Facility D4 Advances shall not at any time exceed that Lender's Facility D4 Commitment at that time; and
 - (v) the participations of a Lender in Facility D5 Advances shall not at any time exceed that Lender's Facility D5 Commitment at that time.
- (h) The aggregate Original Euro Amount of the participations of a Lender in Additional Facility Advances under an Additional Facility shall not at any time exceed that Lender's Additional Facility Commitment for that Additional Facility at that time.

2.4 Number of Requests and Advances

- (a) No more than one Request for an Advance may be made for each of the Facility D1 Advance, Facility D2 Advance, Facility D3 Advance, Facility D4 Advance or Facility D5 Advance under this Agreement.
- (b) No more than one Request may be made under each Additional Facility unless an Additional Facility Accession Agreement specifies otherwise, in which case the maximum number of requests for Additional Facility Advances under that Additional Facility will be as set out in that Additional Facility Accession Agreement.
- (c) No more than five Advances may be outstanding at any one time under Facility D and, unless the Facility Agent agrees otherwise, no more than five Advances may be outstanding at any one time under each Additional Facility (other than Additional Facilities that can be redrawn) and no more than ten Advances may be outstanding at any one time under each Additional Facility that can be redrawn.

2.5 Nature of a Finance Party's rights and obligations

- (a) The obligations of a Finance Party under the Finance Documents are several. Failure of a Finance Party to carry out those obligations does not relieve any other Party of its obligations under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.
- (b) The rights of a Finance Party under the Finance Documents are divided rights. A Finance Party may, except as otherwise stated in the Finance Documents, separately enforce those rights.
- (c) Each of the Obligors and each of the Finance Parties agrees that the Security Agent shall be the joint and several creditor (*hoofdelijk crediteur*) of each and every obligation of any Obligor towards each of the Finance Parties under any Finance Document, and that accordingly the Security Agent will have its own independent claim as creditor and not as agent against each Obligor to demand performance by the relevant Obligor of those obligations. However, any discharge of any such obligation to either of the Security Agent or the relevant Finance Party shall, to the same extent, discharge the corresponding obligation owing to the other.
- (d) Without limiting or affecting the Security Agent's rights against any Obligor (whether under this paragraph or under any other provision of the Finance Documents), the Security Agent agrees with each other Finance Party (on a several and divided basis) that, subject as set out in the next sentence, it will not exercise its rights as a joint and several creditor with a Finance Party except with the prior written consent of the relevant Finance Party. However, for the avoidance of doubt, nothing in the previous sentence shall in any way limit the Agent's right to act in the protection or preservation of rights under or to enforce any Security Document or the Security Deed as contemplated by the Finance Documents (or to do any act reasonably incidental to any of the foregoing).

2.6 UPC Broadband as Obligors' agent

Each Obligor:

- (a) irrevocably authorises and instructs UPC Broadband to give and receive as agent on its behalf all notices (including Requests) and sign all documents in connection with the Finance Documents on its behalf (including but not limited to amendments and variations and execution of any new Finance Documents) and take such other action as may be necessary or desirable under or in connection with the Finance Documents; and
- (b) confirms that it will be bound by any action taken by UPC Broadband under or in connection with the Finance Documents.

2.7 Actions of UPC Broadband as Obligors' agent

The respective liabilities of each of the Obligors under the Finance Documents shall not be in any way affected by:

- (a) any irregularity (or purported irregularity) in any act done by or any failure (or purported failure) by UPC Broadband;
- (b) UPC Broadband acting (or purporting to act) in any respect outside any authority conferred upon it by any Obligor; or
- (c) the failure (or purported failure) by or inability (or purported inability) of UPC Broadband to inform any Obligor of receipt by it of any notification under this Agreement or any other Finance Document.

2.8 Additional Facility D Lenders

- (a) Any Facility B Lender (as defined in the Existing Facility Agreement) may, subject to the terms of this Agreement, become an Additional Facility D Lender by delivering to the Facility Agent an Additional Facility D Lender Accession Agreement and a Verification Letter, in each case duly completed and executed by that Additional Facility D Lender and UPC Broadband on or before the day falling four Business Days after the Signing Date. That Additional Facility D Lender will become an Additional Facility D Lender on the date falling five Business Days after the Signing Date.
- (b) If, at 9.30am (London time) on the Allocation Date, the sum of the Facility D Commitments of each Initial Facility D Lender set out opposite its name in Part 2 of Schedule 1 (Initial Facility D Lenders and Commitments) and the Facility D Commitments of each Additional Facility D Lender (as set out in each of the Additional Facility D Lender Accession Agreements) exceed €1,072,000,000, the Facility Agent shall, on the Allocation Date, reduce the Commitments of each Initial Facility D Lender and each Additional Facility D Lender pro rata so that the Total Facility D Commitments are €1,072,000,000 provided that in no circumstances shall:
 - (i) the Facility D Commitments of any Initial Facility D Lender exceed the amount set out opposite its name in Part 2 of Schedule 1 (Facility D Commitments);
 - (ii) the Facility D Commitment of any Additional Facility D Lender exceed the amount set out in the relevant Additional Facility D Lender Accession Agreement.

- (c) Promptly after the allocation in accordance with Clause 2.8(c) above, the Facility Agent shall amend this Agreement by completing Part 3 of Schedule 1 (Facility D Commitments) to set out the Facility D Commitments of each Facility D Lender as reduced in accordance with this Clause.
- (d) Each Additional Facility D Lender shall participate in each Facility D Advance in accordance with Clause 5.4 (Participations in Advances).
- (e) The execution by UPC Broadband of an Additional Facility D Lender Accession Agreement constitutes confirmation by each Guarantor that its obligations under Clause 14 (Guarantee) shall continue unaffected except that those obligations shall be owed to each Finance Party including the relevant Additional Facility D Lender.

3. PURPOSE

3.1 Purpose

Each Advance will be applied:

- (a) in the case of Facility D1, to finance (in part) the scheduled repayment of the Relevant Existing Facility Repayment;
- (b) in the case of Facility D2, to finance (in part) the scheduled repayment of the Relevant Existing Facility Repayment;
- (c) in the case of Facility D3, to finance (in part) the scheduled repayment of the Relevant Existing Facility Repayment;
- (d) in the case of Facility D4, to finance (in part) the scheduled repayment of the Relevant Existing Facility Repayment;
- (e) in the case of Facility D5, to finance (in part) the scheduled repayment of the Relevant Existing Facility Repayment; and
- (f) in the case of each Additional Facility, to finance the general corporate and working capital purposes of the Borrower Group, including, without limitation, to finance capital expenditure and the making of Acquisitions by the Borrower Group (to the extent permitted by this Agreement) and the repayment or prepayment of any Facilities or Existing Facilities.

3.2 No monitoring

Without affecting the obligations of the Borrowers in any way, no Finance Party is bound to monitor or verify the application of the proceeds of any Advance.

4. CONDITIONS PRECEDENT

4.1 Documentary conditions precedent

- (a) This Agreement will take effect on the day falling no less than five Business Days after the Signing Date (the **Effective Date**) on which the Facility Agent notifies UPC Broadband and the Lenders that it has received written confirmation from the Existing Facility Agents that the conditions precedent in Clause 2(b) of the amendment and restatement agreement dated on or about the date of this Agreement between, *inter alia*, UPC Broadband and the Existing Facility Agents amending and restating the Existing Facility Agreement have been either satisfied or waived and that such agreement is effective.
- (b) No Borrower may draw an Advance under this Agreement until the Facility Agent has notified UPC Broadband and the Lenders that it has received all of the documents set out in Part 1 of

Schedule 2 (Conditions Precedent Documents) in form and substance satisfactory to the Facility Agent.

- (c) The Facility Agent will confirm to UPC Broadband and to the Existing Facility Agents that it has received the documents referred to in paragraph (b) above as soon as practicable upon receiving all of them in form and substance satisfactory to it.

4.2 Further conditions precedent

- (a) The obligations of each Lender in respect of each Facility D Advance are subject to the further conditions precedent that:
- (i) on the date of the Request for that Facility D Advance and on the proposed Utilisation Date, UPC Broadband confirms to the Facility Agent in the Request that the proceeds of such Advance are only to be applied in accordance with Clause 3.1 (Purpose) and specifies the relevant purpose of the proposed Advance in such Request; and
 - (ii) on the date of the Request, UPC Broadband has paid to the Facility Agent under and in accordance with the Existing Facility, for application in repayment of the Relevant Existing Facility Repayment on the next Repayment Date for Facility B (as defined in the Existing Facility Agreement) an amount not less than the difference between:
 - (A) in the case of Facility D1, the Relevant Existing Facility Repayment and the Total Facility D1 Commitments;
 - (B) in the case of Facility D2, the Relevant Existing Facility Repayment and the Total Facility D2 Commitments;
 - (C) in the case of Facility D3, the Relevant Existing Facility Repayment and the Total Facility D3 Commitments;
 - (D) in the case of Facility D4, the Relevant Existing Facility Repayment and the Total Facility D4 Commitments; and
 - (E) in the case of Facility D5, the Relevant Existing Facility Repayment and the Total Facility D5 Commitments.
- (b) The obligations of each Lender in respect of each Additional Facility Advance are subject to the further conditions precedent that:
- (i) on the date of the Request for that Additional Facility Advance and on the proposed Utilisation Date the representations and warranties in Clause 15 (Representations and Warranties) to be repeated on those dates are and will be immediately after the relevant Additional Facility Advance is drawn down correct in all material respects;
 - (ii) on the date of the Request for that Additional Facility Advance and on the proposed Utilisation Date no Default is outstanding or would result from the proposed Additional Facility Advance;
 - (iii) on the date of the Request for that Additional Facility Advance and on the proposed Utilisation Date no Change of Control has occurred where the event has not been waived by the Majority Lenders; and
 - (iv) the relevant Borrower confirms to the Facility Agent in the Request that the proceeds of such Additional Facility Advance are only to be applied in accordance with Clause 3.1 (Purpose) and specifies the relevant purpose of the proposed Additional Facility Advance in such Request.

4.3 Pro forma covenant compliance

No Borrower may Request or obtain any Additional Facility Advance in an amount which, when aggregated with all other Advances (and all Advances (other than Rollover Advances) (in each case as defined in the Existing Facility Agreement)) (the **Relevant Advances**) made since the last day of the most recent Ratio Period ending prior to the proposed date of that Additional Facility Advance for which financial statements have been delivered pursuant to Clause 4.1 (Documentary conditions precedent) or Clause 16.2(a) or (b) (Financial information) (the **Relevant Ratio Period**) would cause UPC Broadband to fail to be in compliance with the financial ratios set out in Clause 17.2 (Financial ratios) for the Relevant Ratio Period, if such financial ratios were re-tested for the Relevant Ratio Period after adding the aggregate amount of all such Relevant Advances to the amount of Senior Debt and Total Debt used in calculating such ratios.

4.4 Deferred Acquisition Costs

Where a member of the Borrower Group has made an Acquisition permitted by Clause 16.11 (Acquisitions and mergers), no Borrower may Request, or apply the proceeds of, any Advance for the purpose of paying any consideration referred to in paragraph (a) of the definition of "Acquisition Cost" in relation to that Acquisition, unless UPC Broadband delivers to the Facility Agent on or before the date of each relevant Request:

- (a) where the Acquisition Cost of the acquisition was greater than €100,000,000 and no more than €150,000,000, a certificate signed by two managing directors or the sole managing director, as the case may be, of UPC Broadband and certifying; or
- (b) where the Acquisition Cost of the acquisition was greater than €150,000,000, financial projections based on assumptions which are no more aggressive (when taken as a whole) than those used in the preparation of the Business Plan which demonstrate,

that the Borrowers will be in compliance with Clause 6 (Repayment) and the undertakings set out in Clause 17 (Financial Covenants) for the period from the Utilisation Date of such Advance (taking into account (i) the Acquisition Cost of such acquisition (but deducting from that Acquisition Cost the value of any consideration referred to in paragraph (a) of the definition of "Acquisition Cost" which has yet to be paid or delivered), (ii) the amount of such Advance and (iii) financial projections relating to the acquired business or asset(s)) to the Final Maturity Date.

5. ADVANCES

5.1 Delivery of Request

Subject to the terms of this Agreement, a Borrower may request an Advance by delivering to the Facility Agent by not later than 11.00 a.m. on the third Business Day, before the Utilisation Date, a duly completed Request.

5.2 Form of Request

Each Request shall specify (where applicable):

- (a) the relevant Facility and the corresponding Utilisation Date which, in the case of an Additional Facility Advance, shall be a Business Day falling during the relevant Additional Facility Availability Period;
- (b) in the case of an Additional Facility Advance the currency of the proposed Advance (which must be euros or US Dollars);

- (c) the principal amount of the proposed Advance which:
 - (i) for an Advance denominated in euros, shall be a minimum amount of €10,000,000; and
 - (ii) for an Advance denominated in US Dollars, shall be a minimum amount of US\$10,000,000;
- (d) the Interest Period of the Advance, which must be a period complying with Clause 8 (Interest); and
- (e) unless previously notified to the Facility Agent in writing and not revoked, or unless Clause 5.5 (Relationship between Facility D and Existing Facility) applies to the entire amount of the Advance, the details of the bank and account to which the proceeds of the proposed Advance are to be made available, which must comply with Clause 9 (Payments).

Subject to the terms of this Agreement, each Request shall be irrevocable and the relevant Borrower shall be bound to borrow an Advance in accordance with such Request.

5.3 Notification to the Lenders

The Facility Agent shall promptly notify each Lender participating in the relevant Advance of each Request for an Advance and the amount of its participation in the Advance.

5.4 Participations in Advances

- (a) Subject to the terms of this Agreement, each Lender shall, on the date specified in any Request for an Advance, make available to the Facility Agent for the account of the relevant Borrower the amount of its participation in that Advance. All such amounts shall be made available to the Facility Agent in accordance with Clause 9.2 (Funds) for disbursement to or to the order of the relevant Borrower in accordance with the provisions of this Agreement.
- (b) The amount of a Lender's participation in an Advance will be the proportion (applied to the amount set out in the Request) which:
 - (i) in the case of a Facility D1 Advance, its Facility D1 Commitment bears to the Total Facility D1 Commitments;
 - (ii) in the case of a Facility D2 Advance, its Facility D2 Commitment bears to the Total Facility D2 Commitments;
 - (iii) in the case of a Facility D3 Advance, its Facility D3 Commitment bears to the Total Facility D3 Commitments;
 - (iv) in the case of a Facility D4 Advance, its Facility D4 Commitment bears to the Total Facility D4 Commitments;
 - (v) in the case of a Facility D5 Advance, its Facility D5 Commitment bears to the Total Facility D5 Commitments; and
 - (vi) in the case of an Additional Facility Advance, its relevant Additional Facility Commitment bears to the relevant Total Additional Facility Commitments.
- (c) If an Advance is to be drawn down in US Dollars, the amount of each Lender's participation in that Advance will be determined by converting into US Dollars the Lender's participation in the Original Euro Amount of that Advance on the basis of the Agent's Spot Rate of Exchange three Business Days before its Utilisation Date.
- (d) Advances denominated in euro will only be made available in the euro unit.

5.5 Relationship between Facility D and Existing Facility

In relation to each Facility D Advance to be made under this Agreement, the Obligors, the Facility Agent and the Existing Facility Agents confirm that, to the extent that:

- (a) an amount is due to be paid to a Facility D Lender under clause 6.2 (Repayment of Facility B Advances) of the Existing Facility or under a sub-participation agreement (including a Relevant Facility B Sub-participation Agreement) on or about the proposed Utilisation Date; and
- (b) that amount is not less than the amount of the Facility D1 Commitment, Facility D2 Commitment, Facility D3 Commitment, Facility D4 Commitment or Facility D5 Commitment (as applicable) of that Facility D Lender on the relevant Utilisation Date or (if less) the amount which that Facility D Lender is obliged to participate in such Facility D Advance on such Utilisation Date (such amount being the **Deemed Drawn Amount**),

the Deemed Drawn Amount shall, at the time that such Facility D Advance is due to be made (and provided that all conditions precedent set out in Clause 4 (Conditions Precedent) to the making of that Facility D Advance have been satisfied on or by that Utilisation Date), be deemed to be advanced by that Facility D Lender to UPC Broadband under Facility D1, Facility D2, Facility D3, Facility D4 or Facility D5 (as applicable) on the relevant Utilisation Date and UPC Broadband's payment obligations to that Facility D Lender or to the Relevant Facility B Lender relating to that Facility D Lender (as applicable) under clause 6.2 (Repayment of Facility B Advances) of the Existing Facility will be satisfied in an amount equal to the Deemed Drawn Amount.

6. Repayment

6.1 Repayment of Advances

- (a) UPC Broadband shall repay the Facility D1 Advance, Facility D2 Advance, Facility D3 Advance, Facility D4 Advance and Facility D5 Advance in full on the Facility D Final Maturity Date.
- (b) Each Borrower must repay the Additional Facility Advances made to it in accordance with the provisions of the relevant Additional Facility Accession Agreement, which shall provide, subject to paragraph (c) below, for repayment of the relevant Additional Facility to be made:
 - (i) in full on the relevant Additional Facility Final Maturity Date (and, for the avoidance of doubt, UPC Broadband shall repay each Additional Facility Advance under Additional Facility E in full on 1st July, 2009); or
 - (ii) by payment of instalments (each a **Repayment Instalment**) on any date or dates up to and including the relevant Additional Facility Final Maturity Date. Each Repayment Instalment shall be in the amount and on the date or dates set out in or calculated in accordance with the relevant Additional Facility Accession Agreement.
- (c) (i) The aggregate Original Euro Amount of each:
 - (A) Repayment Instalment;
 - (B) Facility B Repayment Instalment (as defined in the Existing Facility Agreement);
 - (C) Facility C Repayment Instalment (as defined in the Existing Facility Agreement); and
 - (D) amount of any Facility A Advances (as defined in the Existing Facility Agreement) repaid or prepaid pursuant to Clause 6.1(b) (Repayment of Facility A Advances) of the Existing Facility Agreement,

on any date falling prior to 1st July, 2009 (each a **Relevant Date**) shall not exceed:

- (ii) (A) the cumulative amount in euros set out in column (2) below opposite the current repayment date set out in column (1) below which immediately precedes that Relevant Date, minus
- (B) the aggregate Original Euro Amount of each amount referred to in paragraphs (c)(i)(A) to (c)(i)(D) (inclusive) above repaid or prepaid on any date during the period from 2nd December, 2004 to (but excluding) that Relevant Date.

(1) current repayment dates	(2) cumulative amount
30th June, 2005	€4,017,079
31st December, 2005	€6,025,618
30th June, 2006	€215,174,782
31st December, 2006	€596,336,446
30th June, 2007	€944,235,611
31st December, 2007	€1,208,734,775
30th June, 2008	€2,038,469,660
31st December, 2008	€2,134,879,545
30th June, 2009	€3,156,732,530

6.2 Prepayments and repayments

If an Additional Facility Advance is to be repaid or prepaid by reference to an Original Euro Amount, the US Dollar amount to be repaid or prepaid shall be determined by reference to the Agent's Spot Rate of Exchange used for determining the US Dollar amount of that Additional Facility Advance under Clause 5.4(c) (Participations in Advances) or, if applicable, the Original Exchange Rate.

6.3 Notification

The Agent shall notify the relevant Lender(s) and UPC Broadband of US Dollar amounts (and the applicable Agent's Spot Rate of Exchange) promptly after they are ascertained under this Agreement.

7. CANCELLATION AND PREPAYMENT

7.1 Automatic Cancellation of the Commitments

- (a) The undrawn Facility D1 Commitment of each Lender shall be automatically cancelled at the close of business in London on the relevant Utilisation Date.
- (b) The undrawn Facility D2 Commitment of each Lender shall be automatically cancelled at the close of business in London on the relevant Utilisation Date.
- (c) The undrawn Facility D3 Commitment of each Lender shall be automatically cancelled at the close of business in London on the relevant Utilisation Date.

- (d) The undrawn Facility D4 Commitment of each Lender shall be automatically cancelled at the close of business in London on the relevant Utilisation Date.
- (e) The undrawn Facility D5 Commitment of each Lender shall be automatically cancelled at the close of business in London on the relevant Utilisation Date.
- (f) The undrawn Additional Facility Commitment under each Additional Facility shall be automatically cancelled at the close of Business in London on the last day of the relevant Additional Facility Availability Period.

7.2 Voluntary cancellation

UPC Broadband may, by delivering to the Facility Agent a duly completed Cancellation Notice not less than five Business Days prior to the due date of cancellation, cancel the unutilised portion of the Total Facility D1 Commitments and/or Total Facility D2 Commitments and/or Total Facility D3 Commitments and/or Total Facility D4 Commitments and/or Total Facility D5 Commitments and/or Total Additional Facility Commitments in whole or in part (but, if in part, in an aggregate minimum Original Euro Amount of €10,000,000) in such proportions as UPC Broadband may specify in the Cancellation Notice) on the date specified in the Cancellation Notice. Any cancellation in part shall be applied against the relevant Facility D1 Commitment, Facility D2 Commitment, Facility D3 Commitment, Facility D4 Commitment Facility D5 Commitment or, as the case may be, Additional Facility Commitment of each Lender pro rata.

7.3 Voluntary prepayment

- (a) UPC Broadband may, by delivering to the Facility Agent a duly completed Cancellation Notice not less than five Business Days prior to the due date of prepayment, prepay the whole or any part, (but if in part in an aggregate minimum Original Euro Amount of €10,000,000) of the outstanding Advances made to it under Facility D1, Facility D2, Facility D3, Facility D4, Facility D5 or, subject to paragraph (b) below, any Additional Facility.
- (b) Any voluntary prepayment made under paragraph (a) above will be applied:
 - (i) first, against Facility D1, Facility D2, Facility D3, Facility D4 or Facility D5 in such proportions as may be specified by UPC Broadband in the notice of prepayment; and
 - (ii) second, once all outstanding Facility D Advances have been repaid or prepaid in full and all undrawn Facility D Commitments have been cancelled, against the Additional Facilities in such proportion as may be specified by UPC Broadband in the notice of prepayment and:
 - (A) (in the case of any Additional Facility which may be redrawn following prepayment) against all outstanding Advances under such Additional Facility pro rata or against such Additional Facility Advances as UPC Broadband may designate in the Cancellation Notice; and
 - (B) (in the case of any other Additional Facility) against all the outstanding Additional Facility Advances made under the relevant Additional Facility pro rata (and, if applicable, against the Repayment Instalments for the relevant Additional Facility or Facilities in such order as may be specified by UPC Broadband).

7.4 Change of Control

- (a) If:
- (i) UGC ceases:
- (A) directly or indirectly to own more than 50 per cent. of the issued share capital of UGCE Inc.; and
- (B) to Control UGCE Inc.; or
- (ii) [intentionally left blank]
- (iii) UGCE Inc. does not or ceases to own, directly or indirectly through one or more of its Subsidiaries or other persons Controlled by it, the legal and beneficial interest in more than 50 per cent. of the voting and economic rights attaching to the issued share capital of, or otherwise ceases to Control, UPC Broadband Holdco, (except as a result of a merger or consolidation of UPC Broadband Holdco with or into a Shareholder, provided that such merger or consolidation is in accordance with paragraph (b) below); or
- (iv) in accordance with the terms of any share pledge in favour of the Security Agent over the issued share capital of UPC Broadband Holdco and UPC Holding II, UPC Broadband Holdco does not or ceases to own directly (or indirectly through one or more of its Subsidiaries or other persons Controlled by it, subject to such Subsidiary or person complying with Clause 26.4(a) (Additional Obligors)) the legal and beneficial interest in 100 per cent. of the issued share capital of UPC Broadband and UPC Holding II or otherwise ceases to Control UPC Broadband and UPC Holding II; or
- (v) in accordance with the terms of the share pledges in favour of the Security Agent over the issued share capital of each of the Obligors (other than UPC Broadband Holdco, UPC Holding II, UPC Financing and UPC Broadband), UPC Broadband does not or ceases to own directly or indirectly through one or more of its Subsidiaries or other persons Controlled by it, the legal and beneficial interest in at least 75 per cent. of the voting and economic rights attaching to the issued share capital of any Obligor (other than UPC Broadband Holdco, UPC Holding II, UPC Financing or UPC Broadband) or otherwise ceases to Control such Obligor; or
- (vi) UPC Broadband Holdco and UPC Holding II do not or cease to own, in accordance with the terms of the pledge referred to in paragraph 2 of Schedule 7 (Security Documents), the legal and beneficial interest in 100 per cent. of the partnership interests and economic rights attaching to the partnership interests of, or otherwise ceases to Control, UPC Financing,
- (any of the events described in (i) to (vi) above being a **Change of Control**):
- (A) UPC Broadband shall promptly notify the Facility Agent upon becoming aware of a Change of Control; and
- (B) if the Majority Lenders so require, the Facility Agent shall, by not less than 20 Business Days' notice to UPC Broadband, cancel each Facility and declare all outstanding Advances, together with accrued interest and all other relevant amounts accrued under the Finance Documents immediately due and payable, whereupon each Facility will be cancelled and all such outstanding amounts will become immediately due and payable.

- (b) UPC Broadband Holdco shall not enter into a merger or consolidation with or into a Shareholder (the resulting entity being the **UPC Merged Entity**) unless:
- (i) reasonable details of the proposed merger concerning the matters set out in paragraphs (ii) and (iii) below are provided to the Facility Agent at least 10 days before the merger is to be entered into;
 - (ii) the UPC Merged Entity will be liable for the obligations of UPC Broadband Holdco (including the obligations under the Finance Documents), which obligations will continue in full force and effect after the merger, and entitled to the benefit of all rights of UPC Broadband Holdco; and
 - (iii) the UPC Merged Entity has entered into Security Documents (if applicable) which provide security over the same assets of at least an equivalent nature and ranking to the security provided by UPC Broadband Holdco pursuant to any Security Documents entered into by it and such Security Documents are the legal, valid and binding obligations of the UPC Merged Entity enforceable in accordance with their terms subject (to the extent applicable) to substantially similar qualifications to those made in the legal opinions referred to in Schedule 2 (Conditions Precedent Documents).

7.5 Mandatory prepayment from Excess Cash Flow and Relevant Convertible Preference Shares

- (a) Subject to paragraph (b) below and Clause 7.7 (Date for prepayment), within 10 Business Days of the delivery of the Borrower Group's audited consolidated financial statements which relate to any financial year of the Borrower Group (starting with the annual Accounting Period ending 31st December, 2004) under Clause 16.2 (Financial information) the Borrowers (unless otherwise agreed in writing by the Facility Agent acting on the instructions of the Majority Lenders) shall prepay, or procure that there is prepaid, an amount of the Facilities equal to 50 per cent. of the Excess Cash Flow for such financial year.
- (b) The Borrowers shall not be required to make any prepayments under paragraph (a) above:
- (i) after the date on which the Facility Agent receives financial statements delivered under Clause 16.2(b) (Financial information) which show that, for the two most recent Ratio Periods, the ratio of Senior Debt to Annualised EBITDA is less than or equal to 4:1; or
 - (ii) if the amount of Excess Cash Flow in respect of the relevant financial year is less than €5,000,000.
- (c) (i) Subject to sub-paragraph (c)(ii) and paragraph (d) below and Clause 7.7 (Date for prepayment) UPC Broadband shall, within ten Business Days of receipt by or for the account of a member of the UGCE Borrower Group of the proceeds of an issue of Relevant Convertible Preference Shares, prepay or procure that there is prepaid an amount of the Facilities equal to 40 per cent. of the balance of the proceeds of the Relevant Convertible Preference Shares. Such amount shall be applied first pro rata against all outstanding Facility D Advances and, second, (but only following prepayment of the Existing Facilities as described in sub-paragraph (c)(ii) below) pro rata against all outstanding Additional Facility Advances in accordance with Clause 7.8 (Order of application).
- (ii) To the extent that the amount required to be prepaid under sub-paragraph (c)(i) above exceeds the amounts outstanding under Facility D at the relevant time, UPC Broadband shall prepay or procure that there is prepaid:
- (A) until all outstanding Facility D Advances have been permanently prepaid and cancelled and there are no undrawn Commitments under Facility D, outstanding Facility B Advances under the Existing Facility; and

- (B) after all outstanding Facility D Advances have been permanently prepaid and cancelled and once there are no undrawn Commitments under Facility D, outstanding Facility B Advances or outstanding Facility C Advances under the Existing Facility as specified by UPC Broadband in the relevant cancellation notice,

in each case in an amount equal to such excess in accordance with clause 7.5(c)(iii) (Mandatory prepayment from Excess Cash Flow and Net Equity Proceeds) of the Existing Facility Agreement.

- (d) UPC Broadband shall not be required to make any prepayments under paragraphs (c) above

provided that the most recently delivered financial statements provided to the Facility Agent under Clause 16.2(b) (Financial information) show that, for the two most recent Ratio Periods, the applicable ratio for the purposes of Clause 17.2(a) (Financial ratios) is 3.5:1 or less.

7.6 Prepayment from disposal proceeds

- (a) If the Net Proceeds of disposals of assets comprising or contributing in aggregate a percentage value of 5 per cent. or less of the total assets, revenues and EBITDA of the Borrower Group are either:
 - (i) reinvested in the business of the Borrower Group within 12 months of receipt; or
 - (ii) deposited immediately with the Facility Agent and:
 - (A) applied in prepayment of the Existing Facility and reduction of the Total Facility A Commitments, Total Facility B Commitments and Total Facility C Commitments (each as defined in the Existing Facility) in accordance with the mechanics set out in clauses 7.7 (Date for prepayment) and 7.8 (Order of application) of the Existing Facility Agreement; and
 - (B) once the Existing Facility has been repaid in full, applied in prepayment of the Facilities and reduction of the Total Facility D1 Commitments, Total Facility D2 Commitments, Total Facility D3 Commitments, Total Facility D4 Commitments, Total Facility D5 Commitments, and Total Additional Facility Commitments (if any) (in accordance with the mechanics set out in Clauses 7.7 (Date for prepayment) and 7.8 (Order of application)),

the percentage value of such assets shall not be taken into account for the purposes of Clause 16.10(b)(viii) (Disposals).

- (b) For the purposes of paragraph (a) above and Clause 16.10(b) (Disposals), **percentage value** of an asset disposed of means the percentage of the total assets, revenues and EBITDA of the Borrower Group (as the case may be) attributable to such asset in respect of the financial year (in the case of revenues and EBITDA) or as at the end of the financial year (in the case of total assets) immediately preceding the financial year in which the asset is disposed of and for the avoidance of doubt, the value of assets disposed of will be calculated on an increasing percentage basis such that any percentage value will automatically be added to the percentage value of any subsequent disposal. For the purpose of this Clause 7.6(b), all calculations shall be by reference to the annual consolidated financial statements of UPC Broadband or, as the case may be, the annual combined financial statements of the Borrower Group required to be produced pursuant to this Agreement.
- (c) If valid and enforceable security agreements (in form and substance satisfactory to the Facility Agent) have been entered into between, *inter alia*, KTA and the Security Agent granting security

over KTA's cable network assets in favour of the Security Agent (the **KTA Security Agreements**), UPC Broadband shall:

- (i) within five Business Days of such KTA Default, apply €100,000,000 in prepayment of the Facilities (or, if less the amount of the Facilities); and
- (ii) promptly following enforcement by the Security Agent of the security constituted by the KTA Security Agreements (and in any event within five Business Days of receipt by the Security Agent of the proceeds of such enforcement), apply an amount equal to the net proceeds of such enforcement (after the deduction of all enforcement costs), to the extent that such net enforcement proceeds exceed €100,000,000, in prepayment of the Facilities (or, if less the amount of the Facilities).

The obligations of UPC Broadband under this Clause 7.6(c) shall be satisfied in full on receipt by the Security Agent of the proceeds of enforcement of the security constituted by the KTA Security Agreements.

7.7 Date for prepayment

Each amount of the Facilities to be prepaid under Clause 7.5 (Mandatory prepayment from Excess Cash Flow and Relevant Convertible Preference Shares), Clause 7.6 (Prepayment from disposal proceeds) and Clause 17.4 (Cure provisions) shall be applied in prepayment of the Facility within the period required by the relevant Clause or deposited before the end of such period with the Security Agent or as the Security Agent may reasonably direct in an account (or accounts) (each a **Blocked Account**) in the name of any Obligor bearing interest at rates customarily offered by the Security Agent in such circumstances, secured (if requested by the Security Agent) by a first ranking security interest in favour of the Security Agent on behalf of the Beneficiaries, on terms that the principal amount so deposited may only be released by making the relevant prepayment on Interest Dates falling immediately thereafter, in accordance with Clause 7.8 (Order of application) (where applicable), until the prepayment obligations under Clause 7.5 (Mandatory prepayment from Excess Cash Flow and Relevant Convertible Preference Shares), 7.6 (Prepayment from disposal proceeds) and Clause 17.4 (Cure provisions) have been satisfied.

7.8 Order of application

The amount of each prepayment of the Facilities made under Clauses 7.5(a) and (c) (Mandatory prepayment from Excess Cash Flow and Relevant Convertible Preference Shares) and Clause 7.6 (Prepayment from disposal proceeds) shall be applied:

- (a) first, pro rata between outstanding Facility D Advances with a corresponding permanent cancellation of the Total Facility D1 Commitments, Total Facility D2 Commitments, Total Facility D3 Commitments, Total Facility D4 Commitments and Total Facility D5 Commitments (pro rata between the Commitments of the Lenders under the relevant Facility D); and
- (b) second, once all outstanding Facility D Advances have been repaid or prepaid in full and all undrawn Facility D Commitments have been cancelled and subject to any requirements described this Agreement first to apply amounts in prepayment of the Existing Facilities:
 - (i) first pro rata between outstanding Additional Facility Advances other than Additional Facility Advances that can be prepaid and re-borrowed (and, if applicable, against the Repayment Instalments for the relevant Additional Facility or Facilities in such order as may be specified by UPC Broadband); and
 - (ii) second against outstanding Additional Facility Advances that can be prepaid and re-borrowed, pro rata between such outstanding Additional Facility Advances,

in each case with a corresponding permanent cancellation of the Total Additional Facility Commitments (pro rata between the Commitments of the Lenders under each Additional Facility).

7.9 Right of prepayment and cancellation in relation to a single Lender

- (a) If:
- (i) any sum payable to any Lender by a Borrower is required to be increased under Clause 10.2(c) (Tax gross-up); or
 - (ii) any Lender claims indemnification from a Borrower under Clause 10.3 (Tax indemnity) or Clause 12.1 (Increased Costs),

a Borrower may, whilst the circumstance giving rise to the requirement or indemnification continues, in respect only of the Facilities made available to it, give the Facility Agent notice of cancellation of the Facility D1 Commitment, Facility D2 Commitment, Facility D3 Commitment, Facility D4 Commitment, Facility D5 Commitment and/or Additional Facility Commitment (as applicable) of that Lender and its intention to procure the repayment of that Lender's participation in all relevant Advances.

- (b) On receipt of a notice referred to in paragraph (a) above, the Facility D1 Commitment, Facility D2 Commitment, Facility D3 Commitment, Facility D4 Commitment, Facility D5 Commitment and/or Additional Facility Commitment (as applicable) of that Lender shall each immediately be reduced to zero.
- (c) On the last day of each Interest Period which ends after a Borrower has given notice under paragraph (a) above (or, if earlier, the date specified by the relevant Borrower in that notice), the relevant Borrower shall repay that Lender's participation in all relevant Advances.
- (d) Prepayments made pursuant to this Clause 7.9 shall be applied against the outstanding Advances and (in the case of the Additional Facilities) the outstanding Repayment Instalments (if applicable) pro rata.

7.10 Automatic cancellation of Facility D

- (a) In the event of a prepayment and cancellation of all or part of Facility B, the undrawn Facility D Commitments of the Facility D Lenders will be automatically cancelled in an amount equal to the Relevant Reduced Amount.

For the purposes of this Clause 7.10:

- (i) **Relevant Reduced Amount** means the aggregate amount by which the Relevant Repayment Instalments are reduced as a result of a prepayment and cancellation of Facility B; and
- (ii) **Relevant Repayment Instalments** means, at any time, each Facility B Repayment Instalment which falls to be paid on a Repayment Date (as defined in the Existing Facility Agreement) corresponding to a Utilisation Date under Facility D in respect of undrawn Facility D Commitments at that time;
- (b) In the case of a prepayment and cancellation of Facility B applied pro rata against the Relevant Repayment Instalments the undrawn Facility D Commitments will be automatically cancelled pro rata against each undrawn Facility D. Such cancellation will be applied against the undrawn Facility D Commitment of each Facility D Lender in respect of each undrawn Facility D pro rata;
- (c) In the case of a prepayment and cancellation of Facility B applied other than pro rata across the Relevant Payment Instalments, the Facility D Commitments in respect of each undrawn Facility D

will be automatically cancelled by the amount by which the Relevant Repayment Instalment which falls due to be repaid on the Utilisation Date for that Facility D is reduced as a result of such prepayment and cancellation. Such cancellation will be applied against the undrawn Facility D Commitment of each Facility D Lender pro rata.

7.11 Miscellaneous provisions

- (a) Any Cancellation Notice delivered under this Agreement is irrevocable. The Facility Agent shall notify the Lenders promptly of receipt of any such notice.
- (b) All prepayments under this Agreement shall be made together with accrued interest on the amount prepaid and any other amounts due under this Agreement in respect of that prepayment and, subject to Clause 23.4 (Break Costs), without premium or penalty.
- (c) No prepayment or cancellation is permitted except in accordance with the express terms of this Agreement.
- (d) The amount of an Additional Facility Advance prepaid by UPC Broadband in accordance with 7.3 (Voluntary prepayment) may, if specified in the relevant Additional Facility Accession Agreement, be re-borrowed in accordance with the terms of this Agreement. No other amount prepaid under this Agreement may subsequently be re-borrowed.
- (e) No amount of any Commitment cancelled under this Agreement may subsequently be reinstated.
- (f) Any prepayment in part of any Advance shall be applied against the participations of the Lenders in that Advance pro rata.

8. INTEREST

8.1 Interest rate

The rate of interest on each Advance for its Interest Period is the rate per annum determined by the Facility Agent to be the aggregate of:

- (a) the applicable Margin; and
- (b)
 - (i) LIBOR (in the case of an Advance denominated in US Dollars); or
 - (ii) EURIBOR (in the case of an Advance denominated in euros); and
- (c) the Mandatory Costs.

8.2 Selection of Interest Periods

- (a) The Interest Period of each Advance will be the period selected in the Request for that Advance and each subsequent Interest Period will be the period selected by the Borrower by notice (a **Selection Notice**) to the Facility Agent received not later than the third Business Day before the end of the then current Interest Period.
- (b) Each Interest Period shall be one month, two, three or six months or in any case such other period not exceeding six months as the relevant Borrower and the Facility Agent (acting on the instructions of all the Lenders) may agree from time to time. Each Interest Period for an Advance will commence on its Utilisation Date or in the case of each subsequent Interest Period the expiry of its preceding Interest Period.

8.3 Non-Business Days

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period shall instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

8.4 Further Adjustments to Interest Periods

- (a) If an Interest Period: for a Facility D1 Advance, Facility D2 Advance, Facility D3 Advance, Facility D4 Advance or Facility D5 Advance would otherwise overrun the Facility D Final Maturity Date, it shall be shortened so that it ends on the Facility D Final Maturity Date.
- (b) for an Additional Facility Advance would otherwise overrun the relevant Additional Facility Final Maturity Date, it shall be shortened so that it ends on that Additional Facility Maturity Date.

8.5 Other adjustments

The Facility Agent and the Borrowers may enter into such other arrangements as they may agree for the adjustment of Interest Periods and the consolidation and/or splitting of Advances.

8.6 Notification

The Facility Agent shall notify the relevant Borrower and the Lenders of the duration of each Interest Period promptly after ascertaining its duration.

8.7 Due dates

Except as otherwise provided in this Agreement, accrued interest on each Advance is payable by the relevant Borrower on its Interest Date and also, in the case of any Advance with an Interest Period longer than six months, at six monthly intervals after the first day of that Interest Period for so long as the Interest Period continues.

8.8 Default interest

- (a) If an Obligor fails to pay any amount payable by it under the Finance Documents, it shall forthwith on demand by the Facility Agent pay interest on the overdue amount from the due date up to the date of actual payment, both before and after judgment, at a rate (the **default rate**) determined by the Facility Agent to be two per cent. per annum above the rate which would have been payable if the Unpaid Sum had, during the period of non-payment, constituted an Advance at the Margin applicable to a new Advance if it had been drawn down at such time in the currency of the Unpaid Sum for such successive Interest Periods of such duration (not being more than three months) as the Facility Agent may determine, having regard to the likely duration of the default (a **Designated Term**).
- (b) The default rate will be determined on each Business Day or the first day of, or two Business Days before the first day of, the relevant Designated Term, as appropriate.
- (c) Default interest will be compounded at the end of each Designated Term.

8.9 Notification of rates of interest

The Facility Agent will promptly notify each relevant Party of the determination of a rate of interest under this Agreement.

9. PAYMENTS

9.1 Place of Payment

All payments by an Obligor or a Lender under this Agreement shall be made to the Facility Agent to its account at such office or bank in the principal financial centre of the country of the currency concerned (or, in the case of euros, the financial centre of such of the Participating Member States or London) as the Facility Agent may notify to the Obligor or Lender for this purpose.

9.2 Funds

Payments under this Agreement to the Facility Agent shall be made for value on the due date at such times and in such funds as the Facility Agent may specify to the Party concerned as being customary at the time for the settlement of transactions in the relevant currency in the place for payment.

9.3 Distribution

- (a) Each payment received by the Facility Agent under this Agreement for another Party shall, except as set out in paragraph (d) below and subject to paragraphs (b) and (c) below, be made available by the Facility Agent to that Party by payment (on the date of value of receipt and in the currency and funds of receipt) to its account with such bank in the principal financial centre of the country of the relevant currency (or, in the case of euros, in the principal financial centre of such of the Participating Member States or London) as it may notify to the Facility Agent for this purpose by not less than five Business Days' prior notice.
- (b) The Facility Agent may apply any amount received by it for an Obligor in or towards payment (on the date and in the currency and funds of receipt) of any amount due from an Obligor under this Agreement in the same currency on such date or in or towards the purchase of any amount of any currency to be so applied.
- (c) Where a sum is to be paid under this Agreement to the Facility Agent for the account of another Party, the Facility Agent is not obliged to pay that sum to that Party until it has established that it has actually received that sum. The Facility Agent may, however, assume that the sum has been paid to it in accordance with this Agreement and, in reliance on that assumption, make available to that Party a corresponding amount. If the sum has not been made available but the Facility Agent has paid a corresponding amount to another Party, that Party shall forthwith on demand refund the corresponding amount to the Facility Agent together with interest on that amount from the date of payment to the date of receipt, calculated at a rate reasonably determined by the Facility Agent to reflect its cost of funds.
- (d) Subject to paragraph (c) above, in the case of a Mid-Interest Period Transfer, the Facility Agent shall:
 - (i) make any interest payable in respect of the principal amount that is assigned, transferred or novated under a Mid-Interest Period Transfer, that accrues on and prior to the date on which the Mid-Interest Period Transfer becomes effective, available to the Existing Lender; and
 - (ii) make any interest payable in respect of the principal amount that is assigned, transferred or novated as a Mid-Interest Period Transfer, that accrues after the date on which the Mid-Interest Period Transfer becomes effective, available to the New Lender,

such payments shall be paid (on the date of value of receipt and in the currency and funds of receipt) to the Existing Lenders' account or the New Lenders' account (as applicable) with such bank and in the principal financial centre of the country of the relevant currency (or in the case of

euros, in the principal financial centre of one of the Participating Member States or London) as it may notify to the Facility Agent for this purpose by not less than five Business Days' prior notice.

9.4 Currency

- (a) A repayment or prepayment of an Advance is payable in the currency in which the Advance is denominated.
- (b) All interest is payable in the currency in which the relevant amount in respect of which it is payable is denominated.
- (c) Amounts payable in respect of costs, expenses, Taxes and the like are payable in the currency in which they are incurred.
- (d) Any other amount payable under this Agreement is, except as otherwise provided in this Agreement, payable in euros.

9.5 Set-off and counterclaim

All payments made by an Obligor under this Agreement shall be made without set-off or counterclaim.

9.6 Non-Business Days

- (a) If a payment under this Agreement is due on a day which is not a Business Day, the due date for that payment shall instead be the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).
- (b) During any extension of the due date for payment of any principal under this Agreement interest is payable on the principal at the rate payable on the original due date.

9.7 Partial payments

- (a) Subject to the Security Deed, if the Facility Agent receives a payment insufficient to discharge all the amounts then due and payable by an Obligor under this Agreement, the Facility Agent shall apply that payment towards the obligations of the Obligors under this Agreement in the following order:
 - (i) **first**, in or towards payment pro rata of any unpaid costs, fees and expenses of the Facility Agent under this Agreement;
 - (ii) **secondly**, in or towards payment pro rata of any accrued fees (other than any commitment fees payable under Clause 20.1 (Commitment fee)) due but unpaid under Clause 20 (Fees);
 - (iii) **thirdly**, in or towards payment to the Lenders pro rata of any accrued interest (including, where a Mid-Interest Period Transfer has taken place towards payment to the Existing Lenders and the New Lenders pro rata) and commitment fees due but unpaid under this Agreement;
 - (iv) **fourthly**, in or towards payment to the Lenders pro rata of any principal due but unpaid under this Agreement; and
 - (v) **fifthly**, in or towards payment pro rata of any other sum due but unpaid under the Finance Documents.
- (b) Subject to the Security Deed, the Facility Agent shall, if so directed by all of the Lenders, vary the order set out in sub-paragraphs (a)(ii) to (v) above. The Facility Agent shall notify UPC Broadband of any such variation.

- (c) Paragraphs (a) and (b) above shall override any appropriation made by any Obligor.

10. TAX GROSS-UP AND INDEMNITIES

10.1 Definitions

- (a) In this Clause 10:

Protected Party means a Finance Party which is or will be, for or on account of Tax, subject to any liability or required to make any payment in relation to a sum received or receivable (or any sum deemed for the purposes of Tax to be received or receivable) under a Finance Document.

Tax Credit means a credit against, relief or remission for, or repayment of any Tax.

Tax Deduction means a deduction or withholding for or on account of Tax from a payment under a Finance Document.

Tax Payment means an increased payment made by an Obligor to a Finance Party under Clause 10.2 (Tax gross-up) or a payment under Clause 10.3 (Tax indemnity).

Treaty Lender means a Lender which is (on the date a payment falls due), entitled to that payment under a double taxation agreement in force on the date (subject to the completion of any necessary procedural formalities) without a Tax Deduction.

- (b) In this Clause 10 a reference to **determines** or **determined** means a determination made in the absolute discretion of the person making the determination.

10.2 Tax gross-up

- (a) Each Obligor shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.
- (b) UPC Broadband or a Lender shall promptly upon becoming aware that an Obligor must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Facility Agent accordingly. If the Facility Agent receives such notification from a Lender it shall notify UPC Broadband and that Obligor.
- (c) Subject to Clause 10.5 (U.S. Taxes), if a Tax Deduction is required by law to be made by an Obligor, the amount of the payment due from that Obligor shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.
- (d) If an Obligor is required to make a Tax Deduction, that Obligor shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.
- (e) Within 30 days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Obligor making that Tax Deduction shall deliver to the Facility Agent for the Finance Party entitled to the payment evidence reasonably satisfactory to that Finance Party that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.
- (f) A Treaty Lender and each Obligor which makes a payment to which that Treaty Lender is entitled shall co-operate and use its reasonable efforts to complete any procedural formalities and provide any information, in each case on a timely basis, necessary for that Obligor to obtain authorisation to make that payment without a Tax Deduction (or with a reduced rate of such Tax Deduction).

10.3 Tax indemnity

- (a) The Obligors shall (within three Business Days of demand by the Facility Agent) pay to a Protected Party an amount equal to the loss, liability or cost which that Protected Party determines will be or has been (directly or indirectly) suffered for or on account of Tax by that Protected Party.
- (b) Paragraph (a) above shall not apply with respect to any Tax assessed on a Finance Party:
 - (i) under the law of the jurisdiction in which that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party is treated as resident for tax purposes; or
 - (ii) under the law of the jurisdiction in which that Finance Party's Facility Office is located in respect of amounts received or receivable in that jurisdiction,if that Tax is imposed on or calculated by reference to the net income or net profits received or receivable (but not any sum deemed to be received or receivable) by that Finance Party.
- (c) A Protected Party making or intending to make a claim pursuant to paragraph (a) above shall promptly notify the Facility Agent in writing of the event which will give, or has given, rise to the claim, including details of the nature of the Tax due or paid by that Protected Party, following which the Facility Agent shall promptly provide such information to UPC Broadband.
- (d) A Protected Party shall, on receiving a payment from an Obligor under this Clause 10.3, notify the Facility Agent.

10.4 Tax Credit

- (a) If an Obligor makes a Tax Payment and the relevant Finance Party determines that:
 - (i) a Tax Credit is attributable to that Tax Payment; and
 - (ii) that Finance Party has obtained, utilised and retained that Tax Credit,

the Finance Party shall pay an amount to the Obligor which that Finance Party determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been made by the Obligor.

- (b) No provision of this Agreement shall:
 - (i) interfere with the right of any Finance Party to arrange its tax or any other affairs in whatever manner it thinks fit or oblige any Finance Party to claim any credit, relief, remission or repayment in respect of any payment of Tax in priority to any other credit, relief, remission or repayment available to it, except that the Finance Party's sole reason (acting in good faith) for not claiming or for deferring such credit, relief, remission or repayment shall not be its obligation to make a payment under this Clause 10.4; or
 - (ii) oblige any Finance Party to disclose any information relating to its Tax or other affairs or any computations in respect thereof.

10.5 U.S. Taxes

A US Borrower shall not be required to pay any additional amount pursuant to Clause 10.2 (Tax gross-up) in respect of United States Taxes (including, without limitation, federal, state, local or other income Taxes), branch profits or franchise Taxes with respect to a sum payable by it pursuant

to this Agreement to a Lender if on the date such Lender becomes a Party to this Agreement or has designated a new Facility Office either:

- (a) in the case of a Lender which is not a United States person (as such term is defined in Section 7701(a)(30) of the Code), such Lender has not provided the Borrower with two accurate and complete original signed copies of (i) U.S. Internal Revenue Service Form W-8BEN (relating to such Lender and claiming a complete exemption from withholding under an income tax treaty (or successor form) or (ii) U.S. Internal Revenue Service Form W-8ECI (or successor form) certifying, in each case, to such Lender's entitlement as of such date to a complete exemption from United States withholding with respect to all amounts payable pursuant to the Finance Documents;
- (b) after the date such Lender becomes a Party to this Agreement, when a lapse in time or change in circumstances renders the previous certification of such Lender made pursuant to Clause 10.5(a) above obsolete or inaccurate, such Lender has not delivered to UPC Broadband two new accurate and complete original signed copies of Internal Revenue Service Form W-8ECI or Form W-8BEN (with respect to the benefit of any income tax treaty), as the case may be, and such other forms as may be required in order to confirm or establish the entitlement of such Lender to a continued exemption from or reduction in United States withholding tax with respect to amounts payable pursuant to the Finance Documents; or
- (c) such Lender is subject to such Tax by reason of any connection between the jurisdiction imposing such Tax and the Lender or its Facility Office other than a connection arising solely from this Agreement or any transaction contemplated hereby.

10.6 Value added tax

- (a) All consideration payable under a Finance Document by an Obligor to a Finance Party shall be deemed to be exclusive of any VAT. If VAT is chargeable, the Obligor shall, following delivery of a VAT invoice, pay to the Finance Party (in addition to and at the same time as paying the consideration) an amount equal to the amount of the VAT.
- (b) Where a Finance Document requires an Obligor to reimburse a Finance Party for any costs or expenses, that Obligor shall also at the same time pay and indemnify that Finance Party against all VAT incurred by that Finance Party in respect of the costs or expenses save to the extent that that Finance Party is entitled to repayment or credit in respect of the VAT.

11. MARKET DISRUPTION

11.1 Absence of quotations

Subject to Clause 11.2 (Market disruption), if LIBOR or, if applicable, EURIBOR is to be determined by reference to the Reference Banks but a Reference Bank does not supply a quotation by noon on the Rate Fixing Day, the applicable LIBOR or EURIBOR shall be determined on the basis of the quotations of the remaining Reference Banks.

11.2 Market disruption

- (a) If a Market Disruption Event occurs in relation to an Advance for any Interest Period, then the rate of interest on each Lender's share of that Advance for the Interest Period shall be the rate per annum which is the sum of:
 - (i) the Margin;
 - (ii) the rate notified to the Facility Agent by that Lender as soon as practicable and in any event before interest is due to be paid in respect of that Interest Period, to be that which expresses

as a percentage rate per annum the cost to that Lender of funding its participation in that Advance from whatever source it may reasonably select; and

(iii) the Mandatory Cost.

(b) In this Agreement **Market Disruption Event** means:

- (i) at or about noon on the Rate Fixing Day for the relevant Term or Interest Period the Screen Rate is not available and none or only one of the Reference Banks supplies a rate to the Facility Agent to determine LIBOR or, if applicable, EURIBOR for the relevant currency and period; or
- (ii) before close of business in London on the Rate Fixing Day for the relevant Interest Period, the Facility Agent receives notifications from a Lender or Lenders (whose participations in an Advance aggregate not less than one-third of that Advance) that the cost to it of obtaining matching deposits in the London Interbank Market or, as the case may be, the European Interbank Market would be in excess of LIBOR or, if applicable, EURIBOR.

11.3 Alternative basis of interest or funding

- (a) If a Market Disruption Event occurs and the Facility Agent or UPC Broadband so requires, the Facility Agent and UPC Broadband shall enter into negotiations (for a period of not more than 30 days) with a view to agreeing a substitute basis for determining the rate of interest.
- (b) Any alternative basis agreed pursuant to paragraph (a) above shall, with the prior consent of all the Lenders and UPC Broadband, be binding on all Parties.

11.4 Revocation of currency

If before 9.30 a.m. on any Rate Fixing Day, the Facility Agent receives notice from a Lender that:

- (a) it is impracticable for the Lender to fund its participation in an Advance in US Dollars during that Interest Period in the ordinary course of business in the London or (in the case of euro) European Interbank Market; and/or
- (b) the use of US Dollars might contravene any law or regulation,

the Facility Agent shall give notice to UPC Broadband and to the Lenders to that effect before 11.00 a.m. on that day. In this event:

- (i) UPC Broadband and the Lenders may agree that the drawdown will not be made; or
- (ii) in the absence of agreement:
 - (A) that Lender's participation in the Advance (or, if more than one Lender is similarly affected, those Lender's participations in the Advance) shall be treated as a separate Advance denominated in euros during the relevant Interest Period;
 - (B) in the definitions of "LIBOR" or, as applicable, "EURIBOR", (insofar as it applies to that Advance) in Clause 1.1 (Definitions):
 - I. there shall be substituted for the time "11.00 a.m." the time "1.00 p.m."; and
 - II. paragraph (c) of the relevant definition shall apply.

12. INCREASED COSTS

12.1 Increased Costs

- (a) Subject to Clause 12.3 (Exceptions) the Borrowers shall, within three Business Days of a demand by the Facility Agent, pay to the Facility Agent for the account of a Finance Party the amount of

any Increased Costs incurred by that Finance Party or any of its Holding Companies as a result of (i) the introduction of or any change in (or in the interpretation or application of) any law or regulation after the Signing Date or (ii) compliance with any law or regulation made after the Signing Date.

(b) In this Agreement **Increased Costs** means:

- (i) a reduction in the rate of return from the Facilities or on a Finance Party's (or any of its Holding Companies') overall capital;
- (ii) an additional or increased cost; or
- (iii) a reduction of any amount due and payable under any Finance Document,

which is incurred or suffered by a Finance Party or any of its Holding Companies to the extent that it is attributable to that Finance Party having entered into its Commitment or funding or performing its obligations under any Finance Document.

12.2 Increased cost claims

- (a) A Finance Party intending to make a claim pursuant to Clause 12.1 (Increased Costs) as soon as is reasonably practicable after that Finance Party becomes aware that circumstances have arisen which entitle it to make such claim, shall notify the Facility Agent of the event giving rise to the claim, following which the Facility Agent shall promptly notify UPC Broadband.
- (b) Each Finance Party shall, as soon as practicable after a demand by the Facility Agent, provide a certificate confirming the amount of its Increased Costs.

12.3 Exceptions

- (a) Clause 12.1 (Increased Costs) does not apply to the extent any Increased Cost is:
 - (i) attributable to a Tax Deduction required by law to be made by an Obligor;
 - (ii) compensated for by Clause 10.3 (Tax indemnity) (or would have been compensated for under Clause 10.3 (Tax indemnity) but was not so compensated solely because one of the exclusions in Clause 10.3(b) (Tax indemnity) applied);
 - (iii) compensated for by the payment of the Mandatory Cost; or
 - (iv) attributable to the wilful breach by the relevant Finance Party or any of its Holding Companies of any law or regulation.
- (b) In this Clause 12.3, a reference to a Tax Deduction has the same meaning given to the term in Clause 10.1 (Definitions).

13. ILLEGALITY AND MITIGATION

13.1 Illegality

If it is or will become unlawful in any applicable jurisdiction for a Lender to give effect to any of its obligations as contemplated by this Agreement or to fund or allow to remain outstanding all or part of its participation in any Advance:

- (a) that Lender shall promptly notify the Facility Agent upon becoming aware of the same;
- (b) upon the Facility Agent notifying UPC Broadband, the Commitment of that Lender will be immediately cancelled; and
- (c) if the Facility Agent on behalf of such Lender requires, the relevant Borrower or Borrowers shall repay that Lender's participation in any Advance made to that Borrower on the last day

of the Interest Period for each Advance occurring after the Facility Agent has notified UPC Broadband or, if earlier, the date specified by the Lender in the notice delivered to the Facility Agent (being no earlier than the last day of any applicable grace period permitted by law).

13.2 Mitigation

- (a) Each Finance Party shall, in consultation with UPC Broadband, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount (including without limitation, VAT) becoming payable under, or cancelled pursuant to, any of Clause 10 (Tax Gross-up and Indemnities), Clause 12 (Increased Costs) or Clause 13.1 (Illegality) including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.
- (b) Paragraph (a) above does not in any way limit the obligations of any Obligor under the Finance Documents.

13.3 Limitation of Liability

- (a) The Borrowers shall indemnify each Finance Party for all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under Clause 13.2 (Mitigation).
- (b) A Finance Party is not obliged to take any steps under Clause 13.2 (Mitigation) if, in the opinion of that Finance Party (acting reasonably), to do so might be prejudicial to it.

14. GUARANTEE

14.1 Guarantee and indemnity

In consideration of the Finance Parties entering into this Agreement and, where applicable, the other Finance Documents and performing their obligations thereunder and the High Yield Hedging Banks from time to time entering into the High Yield Hedging Agreements respectively, each Guarantor irrevocably and unconditionally, jointly and severally:

- (a) guarantees to each Finance Party and the Security Agent on behalf of the Beneficiaries punctual performance by each Borrower and each High Yield Hedging Counterparty of all their respective obligations under the Guaranteed Documents;
- (b) undertakes with each Finance Party and the Security Agent on behalf of the Beneficiaries that whenever a Borrower or a High Yield Hedging Counterparty does not pay any amount when due under or in connection with any Guaranteed Document, that Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and
- (c) indemnifies each Finance Party and the Security Agent on behalf of the Beneficiaries immediately on demand against any cost, loss or liability suffered by that Finance Party or Beneficiary if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal. The amount of the cost, loss or liability shall be equal to the amount which that Finance Party or Beneficiary would otherwise have been entitled to recover.

Any demand issued to a Guarantor under this Clause 14.1 shall be copied to UPC Broadband at the same time as it is issued to the relevant Guarantor, provided that failure to do so shall not affect the validity or effectiveness of the demand or the obligations of the Guarantor under this Clause 14 (Guarantee).

14.2 Continuing guarantee

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by any Obligor or any High Yield Hedging Counterparty under the Guaranteed Documents, regardless of any intermediate payment or discharge in whole or in part.

14.3 Reinstatement

If any payment by an Obligor or a High Yield Hedging Counterparty or any discharge given by a Beneficiary (whether in respect of the obligations of any Obligor or any High Yield Hedging Counterparty or any security for those obligations or otherwise) is avoided or reduced as a result of insolvency or any similar event:

- (a) the liability of each Obligor shall continue as if the payment, discharge, avoidance or reduction had not occurred; and
- (b) each Beneficiary shall be entitled to recover the value or amount of that security or payment from each Obligor, as if the payment, discharge, avoidance or reduction had not occurred.

14.4 Waiver of defences

The obligations of each Guarantor under this Clause 14 will not be affected by any act, omission, matter or thing which, but for this Clause, would reduce, release or prejudice any of its obligations under this Clause 14 (without limitation and whether or not known to it or any Beneficiary) including:

- (a) any time, waiver or consent granted to, or composition with, any Obligor or any High Yield Hedging Counterparty or other person;
- (b) the release of any other Obligor or any High Yield Hedging Counterparty or any other person under the terms of any composition or arrangement with any creditor of any member of the Borrower Group or any High Yield Hedging Counterparty;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or any High Yield Hedging Counterparty or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (d) any incapacity or lack of power, authority or legal personality of, or dissolution or change in, the members or status of an Obligor or a High Yield Hedging Counterparty or any other person;
- (e) any amendment (however fundamental) or replacement of a Guaranteed Document or any other document or security;
- (f) any unenforceability, illegality or invalidity of any obligation of any person under any Guaranteed Document or any other document or security; or
- (g) any insolvency or similar proceedings.

14.5 Immediate recourse

None of the Beneficiaries shall be obliged to make any claim or demand on the Borrowers or any High Yield Hedging Counterparty or to resort to any security document or other means of payment now or hereafter held by or available to them or it before enforcing its rights under this Clause 14 and no action taken or omitted by any of the Beneficiaries in connection with any such security document or other means of payment shall discharge, reduce, prejudice or affect the liability of any Guarantor under this Clause 14 nor shall any of the Beneficiaries be obliged to apply any money or other property received or recovered in consequence of any enforcement or realisation of any such Security Document or other means of payment in reduction of the obligations and liabilities expressed to be guaranteed by the Guarantors pursuant to this Clause 14.

14.6 Appropriations

Until all amounts which may be or become payable by the Obligors and the High Yield Hedging Counterparties under or in connection with the Guaranteed Documents have been irrevocably paid in full, each Beneficiary (or any trustee or agent on its behalf) may:

- (a) refrain from applying or enforcing any other moneys, security or rights held or received by that Beneficiary (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no Guarantor shall be entitled to the benefit of the same; and
- (b) hold in an interest-bearing suspense account any moneys received from any Guarantor or on account of any Guarantor's liability under this Clause 14.

14.7 Deferral of Guarantors' rights

Until all amounts which may be or become payable by the Obligors and the High Yield Hedging Counterparties under or in connection with the Guaranteed Documents have been irrevocably paid in full (and notwithstanding payment of a dividend in any liquidation or under any compromise or arrangement) each Guarantor agrees that, without the prior written consent of the Facility Agent, it will not:

- (a) exercise its rights of subrogation, reimbursement and indemnity against any other Obligor or High Yield Hedging Counterparty or any other person liable; or
- (b) demand or accept any security to be executed in respect of any of its obligations under this guarantee or any other indebtedness now or hereafter due to such Guarantor from any other member of the Borrower Group or any High Yield Hedging Counterparty or from any other person liable; or
- (c) take any step or enforce any right against any Obligor or any High Yield Hedging Counterparty or any other person liable in respect of any obligations and liabilities expressed to be guaranteed by the Guarantors pursuant to this Clause 14; or
- (d) exercise any right of set off or counterclaim against any other Obligor or any High Yield Hedging Counterparty or any other person liable or claim or prove or vote as a creditor in competition with any of the Beneficiaries in the bankruptcy, liquidation, administration or other insolvency proceeding of any other Obligor or any High Yield Hedging Counterparty or any other person liable or have the benefit of, or share in, any payment from or composition with, any other Obligor or any High Yield Hedging Counterparty or any other person liable or any other security document now or hereafter held by any of the Beneficiaries for the obligations and liabilities expressed to be guaranteed by the Guarantors pursuant to this Clause 14 or for the obligations or liabilities of any other person liable, but so that, if so directed by the Facility Agent, it will prove for the whole or any part of its claim in the

liquidation of any other Obligor or any High Yield Hedging Counterparty, as the case may be, on terms that the benefit of such proof and of all money received by it in respect thereof shall immediately be transferred to an account to be designated by the Security Agent for the Beneficiaries and applied in or towards discharge of the obligations and liabilities expressed to be guaranteed by the Guarantors pursuant to this Clause 14 in accordance with the Security Deed.

14.8 Additional security

This guarantee is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by any Beneficiary.

14.9 Limitation

Notwithstanding any other provision of this Clause 14, the obligations of each US Guarantor under this Clause 14, shall be limited to a maximum aggregate amount equal to the largest amount that would not render its obligations hereunder subject to avoidance as a fraudulent transfer or conveyance under Section 548 of Title 11 of the United States Bankruptcy Code, any applicable provisions of comparable state law or any applicable case law (collectively, the **Fraudulent Transfer Laws**), in each case after giving effect to all other liabilities of such US Guarantor, contingent or otherwise, that are relevant under the Fraudulent Transfer Laws and after giving effect as assets to the value (as determined under the applicable provisions of the Fraudulent Transfer Laws) of any rights to subrogation, contribution, reimbursement, indemnity or similar rights of such US Guarantor pursuant to (i) applicable law or (ii) any agreement providing for an equitable allocation among such US Guarantors and other Affiliates of the Borrower Group of the obligations arising under guarantees by such parties.

For the purposes of this Clause 14.9, **US Guarantor** means each Guarantor incorporated (or in the case of a non-corporate Guarantor, formed and subsisting) in the United States of America (or any of its states or territories or any political or legal subdivision thereof).

15. REPRESENTATIONS AND WARRANTIES

15.1 Representations and warranties

- (a) Subject to paragraph (b), each Obligor makes the representations and warranties set out in this Clause 15, in respect of itself and (where applicable) its Subsidiaries which are members of the Borrower Group, other than:
 - (i) Clauses 15.9 (Accounts), 15.10 (Financial condition) and 15.14 (Business Plan) Clause 15.15(b) (Tax liabilities) and 15.25 (Dutch Banking Act), which shall only be made by UPC Broadband;
 - (ii) Clause 15.24 (UPC Financing), which shall only be made by UPC Financing,

to each Finance Party.

- (b) UPC Broadband Holdco does not make the representations and warranties set out in Clauses 15.6(b) or (c) (Consents), 15.7 (Material Contracts), 15.9 (Accounts), 15.10 (Financial condition), 15.11 (Environmental), 15.13(a) (Litigation and insolvency proceedings), 15.15(a) (Tax liabilities), 15.16 (Ownership of assets), 15.17 (Intellectual Property Rights), 15.19 (Borrower Group structure) and 15.24 (UPC Financing).

15.2 Status

- (a) It is a corporation, duly incorporated and validly existing under the laws of its place of incorporation and, in the case of UPC Financing only, it is a Delaware general partnership duly formed and wholly existing under the laws of its place of formation.
- (b) It has the power to own its assets and carry on its business as it is being conducted.

15.3 Powers and authority

It has the power:

- (a) to enter into and comply with all obligations expressed on its part under the Finance Documents; and
- (b) (in the case of a Borrower) to borrow under this Agreement; and
- (c) (in the case of a Guarantor) to give the guarantee in Clause 14 (Guarantee),

and has taken all necessary actions to authorise the execution, delivery and performance of the Finance Documents to which it is a party.

15.4 Legal validity

- (a) Each Finance Document to which it is or will be a party constitutes, or when executed in accordance with its terms will constitute, its legal, valid and binding obligations enforceable, subject to any relevant reservations or qualifications as to matters of law contained in any legal opinion referred to in paragraph 3 of Part 1 of Schedule 2 (Conditions Precedent Documents) or (as applicable) paragraph 12 of Part 2 of Schedule 2 (Conditions Precedent Documents), in accordance with its terms.
- (b) The choice of English law as the governing law of the Finance Documents and its irrevocable submission to the jurisdiction of the courts of England in respect of any proceedings relating to the Finance Documents (in each case other than any Finance Document which is expressly to be governed by a law other than English law) will be recognised and enforced in its jurisdiction of incorporation, subject to any relevant reservation or qualification as to matters of law contained in any legal opinion referred to in paragraph (a) above.
- (c) Any judgment obtained in England in relation to a Finance Document (in each case other than any Security Document which is expressly to be governed by a law other than English law) will be recognised and enforced in its jurisdiction of incorporation, subject to any relevant reservation or qualification as to matters of law contained in any legal opinion referred to in paragraph (a) above.

15.5 Non-violation

The execution and delivery by it of, the Finance Documents to which it is a party, and its performance of the transactions contemplated thereby, will not violate:

- (a) in any material respect, any law or regulation or official judgment or decree applicable to it;
- (b) in any material respect, its constitutional documents; or
- (c) any agreement or instrument to which it is a party or binding on any of its assets or binding upon any other member of the Borrower Group or any other member of the Borrower Group's assets, where such violation would or is reasonably likely to have a Material Adverse Effect.

15.6 Consents

- (a) Subject to any relevant reservations or qualifications contained in any legal opinion referred to in Clause 15.4(a) (Legal validity) above, all material and necessary authorisations, registrations, consents, approvals, licences (other than the Licences), and filings required by it in connection with the execution, validity or enforceability of the Finance Documents to which it is a party and performance of the transactions contemplated by the Finance Documents have been obtained (or, if applicable, will be obtained within the required time period) and are validly existing.

- (b) The Licences are in full force and effect and each member of the Borrower Group is in compliance in all material respects with all provisions thereof such that the Licences are not the subject of any pending or, to the best of its knowledge, threatened attack, suspension or revocation by a competent authority except, in each case, to the extent that any lack of effect, non-compliance or attack, suspension or revocation of a Licence would not have or be reasonably likely to have a Material Adverse Effect.
- (c) All the Necessary Authorisations are in full force and effect, each member of the Borrower Group is in compliance in all material respects with all provisions thereof and the Necessary Authorisations are not the subject of any pending or, to the best of its knowledge, threatened attack or revocation by any competent authority except, in each case, to the extent that any lack of effect, non-compliance or attack or revocation of a Necessary Authorisation would not have or be reasonably likely to have a Material Adverse Effect.

15.7 Material Contracts

- (a) Each Material Contract to which any member of the Borrower Group is a party constitutes, or will when executed constitute, the legal, valid and binding obligation of such member, subject to the application of any relevant insolvency, bankruptcy or similar laws or other laws affecting the interests of creditors generally, enforceable against it in accordance with its terms.
- (b) No member of the Borrower Group is in breach of any of its material obligations under any Material Contract to which such member is a party, nor (to the best of its knowledge and belief), is any other party thereto, in each case in such a manner or to such an extent as would or is reasonably likely to have a Material Adverse Effect. To the best of its knowledge and belief there is no material dispute between any member of the Borrower Group and any other party to a Material Contract and there have been no amendments to any Material Contract in the form provided to the Facility Agent prior to the date of this Agreement which would or is reasonably likely to have a Material Adverse Effect.

15.8 No default

- (a) No Event of Default has occurred and is continuing or will result from the making of any Advance.
- (b) None of it or any other member of the Borrower Group is in default under any law, regulation or agreement to which it is subject, except for a default which will not have or be reasonably likely to have a Material Adverse Effect.

15.9 Accounts

The consolidated financial statements of it and the Borrower Group most recently delivered to the Facility Agent (which, at the date of this Agreement are the Original Borrower Group Financial Statements):

- (a) present a true and fair view of (in the case of audited financial statements) or fairly present (in the case of unaudited financial statements) its financial position and the consolidated financial position of the Borrower Group respectively as at the date to which they were drawn up; and
- (b) have been prepared in all material respects in accordance with GAAP (except that such consolidated financial statements do not include all consolidated Subsidiaries to the extent they are Unrestricted Subsidiaries).

15.10 Financial condition

There has been no material adverse change in the consolidated financial position of the Borrower Group (taken as a whole) since the date of the Original Borrower Group Financial Statements which would or is reasonably likely to have a Material Adverse Effect.

15.11 Environmental

- (a) It and each other member of the Borrower Group (i) have obtained all requisite Environmental Licences required for the carrying on of its business as currently conducted and (ii) have at all times complied with the terms and conditions of such Environmental Licences and (iii) have at all times complied with all other applicable Environmental Law, which in each such case, if not obtained or complied with, would or is reasonably likely to have a Material Adverse Effect.
- (b) There is no Environmental Claim in existence, pending or, to the best of its knowledge, threatened, against it which is reasonably likely to be decided against it and which, if so decided, would or is reasonably likely to have a Material Adverse Effect.
- (c) So far as it is aware, no Dangerous Substance has been used, disposed of, generated, stored, transported, dumped, released, deposited, buried or emitted at, on, from or under any premises (whether or not owned, leased, occupied or controlled by it or any member of the Borrower Group and including any offsite waste management or disposal location utilised by it or any member of the Borrower Group) in circumstances where this would be reasonably likely to result in a liability on it which would or is reasonably likely to have a Material Adverse Effect.

15.12 Security Interests

Its execution and delivery of this Agreement does not necessitate and will not result in the creation or imposition of any Security Interest over any of its material assets or those of any member of the Borrower Group (except for any Security Interest created pursuant to the Security Documents).

15.13 Litigation and insolvency proceedings

- (a) No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency have been started against any member of the Borrower Group and, to its knowledge, no such proceedings are threatened, where in any such case, there is a reasonable likelihood of an adverse outcome to any member of the Borrower Group where that outcome is of a nature which would or is reasonably likely to have a Material Adverse Effect.
- (b) None of the circumstances referred to in Clause 18.7 (Insolvency proceedings) are pending or, to its knowledge, threatened against it or any member of the Borrower Group which is a Material Subsidiary.

15.14 Business Plan

To the best of its knowledge after due inquiry, as of the date of the Business Plan:

- (a) the factual information relating to the Borrower Group contained in the Business Plan is accurate in all material respects;
- (b) all UPC Broadband's projections and forecasts contained in the Business Plan were based on and arrived at after due and careful consideration and have been prepared by UPC Broadband on the basis of assumptions that UPC Broadband believed were reasonable as of the date of the projections;
- (c) there are no material facts or circumstances which have not been disclosed to the Lenders in writing prior to the date of the Business Plan and which would make any material factual

15.15 Tax liabilities

- (a) No claims are being asserted against it or any member of the Borrower Group with respect to Taxes which are reasonably likely to be determined adversely to it or to such member and which, if so adversely determined, would or is reasonably likely to have a Material Adverse Effect. It is not materially overdue in the filing of any Tax returns required to be filed by it (where such late filing might result in any material fine or penalty on it) and it has paid within any period required by law all Taxes shown to be due on any Tax returns required to be filed by it or on any assessments made against it (other than Tax liabilities being contested by it in good faith and where it has made adequate reserves for such liabilities or where such overdue filing, or non-payment, or a claim for payment, of which in each such case would not have or be reasonably likely to have a Material Adverse Effect).
- (b) Each Obligor (other than UPC Financing) is part of the same fiscal unity for Dutch corporate income tax purposes. UPC Financing is transparent for Dutch corporate income tax purposes and all of the partners in UPC Financing are part of the fiscal unity for Dutch corporate income tax purposes as all of the other Obligors.

15.16 Ownership of assets

It and each member of the Borrower Group has good title to or valid leases or licences of or is otherwise entitled to use all assets necessary to conduct its business, except where the failure to do so would not have or be reasonably likely to have a Material Adverse Effect.

15.17 Intellectual Property Rights

- (a) It (and each member of the Borrower Group) owns or has the legal right to use all the Intellectual Property Rights which are required for the conduct of the business of the Borrower Group as a whole from time to time or are required by it (or such member) in order for it to carry on such business as it is then being conducted, except where the failure to do so would not have or be reasonably likely to have a Material Adverse Effect. As far as it is aware it does not (nor does any member of the Borrower Group), in carrying on its business, infringe any Intellectual Property Rights of any third party in any way which would or is reasonably likely to have a Material Adverse Effect.
- (b) None of the Intellectual Property Rights owned by any member of the Borrower Group is, to its knowledge, being infringed nor, to its knowledge, is there any threatened infringement of those Intellectual Property Rights, by any third party which, in either case, would or is reasonably likely to have a Material Adverse Effect.
- (c) All registered Intellectual Property Rights owned by it (or any member of the Borrower Group) are subsisting and all actions (including payment of all fees) required to maintain the same in full force and effect have been taken except where the absence of such rights or the failure to take any such action would not have or be reasonably likely to have a Material Adverse Effect.

15.18 Works councils

All of the requirements of Section 25 of The Netherlands Works Council Act (*Wet op de Ondernemingsraden*) in connection with the transactions contemplated by the Finance Documents which are applicable to an Obligor have been complied with by that Obligor.

15.19 Borrower Group structure

Schedule 8 (Borrower Group Structure) sets out a description which is true and complete in all material respects as at the Effective Date of the corporate ownership structure of the Borrower Group and of the ownership of the Borrower (but does not describe any level of ownership above UGCE Inc.).

15.20 ERISA

Neither it nor any member of the Borrower Group or ERISA Affiliate maintains, contributes to or has any obligation to contribute to or any liability under, any Plan, or in the past five years has maintained or contributed to or had any obligation to, or liability under, any Plan.

15.21 United States Regulations

Neither it nor any member of the Borrower Group is:

- (a) a holding company as defined in the United States Public Utility Holding Company Act of 1935 or subject to regulation thereunder;
- (b) a public utility as defined in the United States Federal Power Act of 1920; or subject to regulation thereunder;
- (c) required to be registered as an investment company as defined in the United States Investment Company Act of 1940 or subject to regulation thereunder; or
- (d) subject to regulation under any United States Federal or State law or regulation that limits its ability to incur or guarantee indebtedness.

15.22 Anti-Terrorism Laws

To the best of its knowledge, neither it nor any member of the Borrower Group:

- (a) is, or is controlled by, a Designated Party;
- (b) has received funds or other property from a Designated Party; or
- (c) is in material breach of or is the subject of any action or investigation under any Anti-Terrorism Law

It and each of its Affiliates have taken commercially reasonable measures to ensure compliance with the Anti-Terrorism Laws.

15.23 Margin stock

- (a) (In the case of the Borrowers only) the proceeds of the Facilities have been and will be used only for the purposes described in Clause 3 (Purpose).
- (b) Neither it nor any member of the Borrower Group is engaged principally in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulations U and X of the Board of Governors of the United States Federal Reserve System), and no portion of any Advance has been or will be used, directly or indirectly, to purchase or carry margin stock or to extend credit to others for the purpose of purchasing or carrying margin stock.

15.24 UPC Financing

UPC Financing did not trade or carry on any business from the date it was formed up to and including 26th October, 2000 except for investment in or proposed investment in other members of the Borrower Group by way of intercompany loan or subscription of shares.

15.25 Dutch Banking Act

On the Effective Date:

- (a) UPC Broadband is in compliance with the applicable provisions of the Dutch Banking Act and any implementing regulations; and
- (b) UPC Broadband has verified, by obtaining a duly completed and executed Verification Letter, the status of each person which is a Lender under this Agreement either as:
 - (i) a Professional Market Party; or
 - (ii) exempted from the requirement to be a Professional Market Party because it forms part of a closed circle (*besloten kring*) with UPC Broadband.

15.26 Investment Company Act

Neither it nor any member of the Borrower Group is an "investment company" or a company "controlled" by an "investment company", within the meaning of the United States Investment Company Act of 1940, as amended.

15.27 Public Utility Holding Company Act and Federal Power Act

Neither it nor any member of the Borrower Group is a "holding company", or an "affiliate" of a "holding company" or a "subsidiary company" of a "holding company", within the meaning of, or otherwise subject to regulation under, the United States Public Utility Holding Company Act of 1935, as amended. Neither it nor any member of the Borrower Group is a "public utility" within the meaning of, or otherwise subject to regulation under, the United States Federal Power Act.

15.28 Times for making representations and warranties

- (a) The representations and warranties set out in this Clause 15 (Representations and Warranties) are made by each Obligor on the Signing Date (except for Clause 15.25 (Dutch Banking Act) which shall be made on the Effective Date) and (except for Clauses 15.6(a) (Consents), 15.10 (Financial condition), 15.12 (Security Interests), 15.13(b) (Litigation and insolvency proceedings), 15.14 (Business Plan), 15.15 (Tax liabilities), 15.16 (Ownership of assets), 15.18 (Works councils), 15.19 (Borrower Group structure), 15.20 (ERISA), 15.24 (UPC Financing) and 15.25 (Dutch Banking Act)) are deemed to be made again by each relevant Obligor on the date of each Request, the first day of each Interest Period and on each Utilisation Date with reference to the facts and circumstances then existing.

- (b) The representations and warranties set out in this Clause 15 (Representations and Warranties) (except Clauses 15.9 (Accounts), 15.10 (Financial condition), 15.14 (Business Plan), 15.19 (Borrower Group structure) and 15.24 (UPC Financing)) are repeated by each Additional Obligor with respect to itself on the date of the Obligor Accession Agreement relating to that Additional Obligor, with reference to the facts and circumstances then subsisting.
- (c) The representation and warranty made by UPC Broadband in Clause 15.14 (Business Plan) will be deemed to be repeated on the date any updated Business Plan is delivered to the Facility Agent by UPC Broadband, but only in respect of that updated Business Plan, by reference to the facts and circumstances existing on the relevant date.

16. UNDERTAKINGS

16.1 Duration

The undertakings in this Clause 16 (Undertakings) will remain in force from the Signing Date for so long as any amount is or may be outstanding under any Finance Document or any Commitment is in force.

16.2 Financial information

UPC Broadband shall supply to the Facility Agent in sufficient copies for all the Lenders:

- (a) as soon as the same are available (and in any event within 150 days of the end of each of its financial years) audited consolidated financial statements of UPC Broadband Holdco for that financial year;
- (b) as soon as the same are available (and, in any event, (in the case of its first three financial quarters in any financial year) within 60 days of the end of each of its financial quarters and (in the case of its fourth financial quarter in each financial year) within 150 days of the end of each such financial quarter), unaudited quarterly consolidated management accounts of UPC Broadband Holdco for that financial quarter in the agreed form;
- (c) by no later than 60 days after the last day of each of its financial years, an annual budget for the Distribution Business of the Borrower Group in the agreed form for the immediately following financial year;
- (d) together with any financial statements specified in paragraphs (a) or (b) above, a certificate signed by a director of UPC Broadband:
 - (i) confirming that no Default is outstanding or if a Default is outstanding, specifying the Default and the steps, if any, being taken to remedy it;
 - (ii) setting out in reasonable detail computations establishing, as at the date of such financial statements, whether each of the financial ratios set out in Clause 17 (Financial Covenants) were complied with;
 - (iii) (in the case of financial statements specified in paragraph (a) above, starting with the annual financial statements for 31st December, 2004) setting out in reasonable detail computations establishing the Excess Cash Flow (if any) for the financial year to which such financial statements were delivered for the purposes of Clause 7.5 (Mandatory prepayment from Excess Cash Flow and Relevant Convertible Preference Shares);
 - (iv) certifying current compliance with the Borrowers' obligations under Clause 7.6(a)(i) (Prepayment from disposal proceeds); and
 - (v) certifying compliance with Clause 16.11(a) (Acquisitions and mergers);

- (e) as soon as the same is available (and in any event within 90 days after each of its financial quarters) the consolidated financial statements of UGC. for that financial quarter on Form 10Q as filed with the United States Securities and Exchange Commission (the **Commission**) or such other comparable form as UGC. is required to file with the Commission under the United States Securities Exchange Act of 1934 (the **1934 Act**) or, if UGC. is no longer subject to the reporting requirements of the 1934 Act, in the form required to be filed with the regulatory body comparable to the Commission then having jurisdiction over UGC.;
- (f) as soon as the same is available (and in any event within 180 days after each of its financial years) the audited consolidated financial statements of UGC. for that financial year on Form 10K as filed with the Commission or such other comparable form as UGC. is required to file with the Commission under the 1934 Act or, if UGC. is no longer subject to the reporting requirements of the 1934 Act, in the form required to be filed with the regulatory body comparable to the Commission then having jurisdiction over UGC.;
- (g) together with the financial statements and accounts referred to in paragraphs (a) and (b), a reconciliation demonstrating the effect of excluding from such financial statements or accounts the results of any business or activity other than the Distribution Business of the Borrower Group, provided that non-Distribution Business Assets need not be so excluded (and the reconciliation need not apply to such assets) unless they are subject to any Security Interest referred to in paragraph (i) of the definition of "Permitted Security Interest" or any other form of recourse as contemplated by Clause 16.12(b)(xii) (Restrictions on Financial Indebtedness); and
- (h) details of the principal terms (including without limitation, details of the notional amount, the termination date and applicable rates) of any Senior Hedging Agreements or High Yield Hedging Agreements to which any member of the Borrower Group is a party within five Business Days of any Senior Hedging Agreement or High Yield Hedging Agreement being entered into.

16.3 Information—Miscellaneous

UPC Broadband shall supply promptly (and in any event in the case of paragraph (d) below within five Business Days of the date on which UPC Broadband becomes aware of such information) or procure that there shall be supplied (both in hard copy and in electronic form) promptly to the Facility Agent:

- (a) all notices, reports or other documents despatched by or on behalf of any Obligor to its creditors generally in relation to it or any of its Subsidiaries;
- (b) a copy of any material report or other notice, statement or circular, sent or delivered by any member of the Borrower Group whose shares are pledged to the Security Agent pursuant to any Security Document to any person in its capacity as shareholder of such member of the Borrower Group, which materially adversely affects the interest of the Finance Parties under such Security Document;
- (c) such other material information regarding the Borrower Group and which is in the possession or control of any member of the Borrower Group as the Facility Agent may from time to time reasonably request; and
- (d) written notification of:
 - (i) the Priority Pledge becoming enforceable;
 - (ii) any breach by Priority Telecom N.V. of its obligations set out in the Priority Pledge; and
 - (iii) any breach of the Sale and Purchase Agreements.

16.3A Enforcement of and undertakings in relation to certain agreements

- (a) UPC Broadband agrees promptly after (and in any event within five Business Days of) receiving notice from the Facility Agent to do so, to take all necessary action to:
 - (i) if the Priority Pledge becomes enforceable, enforce the Priority Pledge;
 - (ii) if Priority Telecom N.V. has breached its obligations set out in the Priority Pledge in any material respect enforce its rights in respect of any such breaches by Priority Telecom N.V. of its obligations under the Priority Pledge; and
 - (iii) if any party to the Sale and Purchase Agreements is in default under any one or more of the Sale and Purchase Agreements in any material respect, enforce its rights in respect of such default.
- (b) UPC Broadband undertakes to keep the Lenders informed and to take such action in connection with the enforcement of the Priority Pledge or its rights under the Priority Pledge or any of the Sale and Purchase Agreements (as the case may be) as may be requested by the Facility Agent (acting on the instructions of the Majority Lenders).
- (c) UPC Broadband undertakes not to agree to any amendment, variation, supplement or waiver of the Priority Pledge or the Sale and Purchase Agreements without the written consent of the Facility Agent (acting on the instructions of the Majority Lenders) where the same would prejudice in any material respect the interests of the Lenders under such arrangements.

16.4 Notification of Default and inspection rights

- (a) Each Obligor shall notify the Facility Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of it (unless that Obligor is aware that such a notification has already been provided by another Obligor).
- (b) Each Obligor (other than UPC Broadband Holdco) shall, if required by the Facility Agent (acting on the instructions of the Majority Lenders), at any time whilst an Event of Default is continuing or the Facility Agent has reasonable grounds to believe that an Event of Default may exist and at other times if the Facility Agent has reasonable grounds for such request, permit representatives of the Facility Agent upon reasonable prior written notice to UPC Broadband to:
 - (i) visit and inspect the properties of any member of the Borrower Group during normal business hours;
 - (ii) inspect its books and records other than records which the relevant member of the Borrower Group is prohibited by law, regulation or contract from disclosing to the Facility Agent; and
 - (iii) discuss with its principal officers and Auditors its business, assets, liabilities, financial position, results of operations and business prospects provided that (A) any such discussion with the Auditors shall only be on the basis of the audited financial statements of the Borrower Group and any compliance certificates issued by the Auditors and (B) representatives of UPC Broadband shall be entitled to be present at any such discussion with the Auditors.
- (c) Any Obligor must promptly upon becoming aware of it notify the Facility Agent of:
 - (i) any Reportable Event;
 - (ii) the termination of or withdrawal from, or any circumstances reasonably likely to result in the termination of or withdrawal from, any Plan subject to Title IV of ERISA; and

- (iii) material non-compliance with any law or regulation relating to any Plan which would or is reasonably likely to have a Material Adverse Effect.

16.5 Authorisations

Each Obligor (other than UPC Broadband Holdco, in the case of paragraphs (b) and (c) below) will, and will procure that each of its Subsidiaries which is a member of the Borrower Group will:

- (a) obtain or cause to be obtained, maintain and comply with the terms of:
 - (i) every material consent, authorisation, licence or approval of, or filing or registration with or declaration to, governmental or public bodies or authorities or courts; and
 - (ii) every material notarisation, filing, recording, registration or enrolment in any court or public office,in each case required under any law or regulation to enable it to perform its obligations under, or for the validity, enforceability or admissibility in evidence of any Finance Document to which it is a party; and
- (b) obtain or cause to be obtained every Necessary Authorisation and the Licences and ensure that (i) none of the Necessary Authorisations or Licences is revoked, cancelled, suspended, withdrawn, terminated, expires and is not renewed or otherwise ceases to be in full force and effect and (ii) no Necessary Authorisation or Licence is modified and no member of the Borrower Group commits any breach of the terms or conditions of any Necessary Authorisation or Licence which, in each case, would or is reasonably likely to have a Material Adverse Effect.

16.6 Pari passu ranking

Each Obligor will procure that its payment obligations under the Finance Documents do and will rank at least *pari passu* with all the claims of its other present and future unsecured and unsubordinated creditors (save for those obligations mandatorily preferred by applicable law applying to companies generally).

16.7 Negative pledge

- (a) Each Obligor (other than UPC Broadband Holdco) will not permit any Security Interest (other than the Permitted Security Interests) by any member of the Borrower Group to subsist, arise or be created or extended over all or any part of their respective present or future undertakings, assets, rights or revenues to secure or prefer any present or future indebtedness of any member of the Borrower Group or any other person.
- (b) UPC Broadband Holdco will not create or permit to subsist any Security Interest over its assets which are subject to the Security Documents to which it is a party (other than any Permitted Security Interest referred to in paragraphs (a), (b), (d), (e) or (g) of the definition of "Permitted Security Interest").
- (c)
 - (i) UPC Broadband will procure that none of Belmarken, UPC, UGCE Inc. or any other member of the UGCE Borrower Group (each a **Relevant Company**) will create or permit to subsist any Security Interest (other than an Agreed Security Interest) over all or part of that Relevant Company's present or future undertakings, assets, rights or revenues.
 - (ii) For the purposes of sub-paragraph (c)(i) above:

Agreed Security Interest means:

- (A) any liens arising in the ordinary course of business by way of contract which secure indebtedness under any agreement for the supply of goods or services in respect of which

payment is not deferred for more than 180 days (or 360 days if such deferral is in accordance with the terms pursuant to which the relevant goods were acquired or services were provided);

- (B) any Security Interest imposed by any taxation or governmental authority in respect of amounts which are being contested in good faith and not yet payable and for which adequate reserves have been set aside in the accounts of the Relevant Company in respect of the same in accordance with GAAP;
- (C) any Security Interest in favour of any bank incurred in relation to any cash management arrangements;
- (D) rights of set-off arising in the ordinary course of business;
- (E) any Security Interest granted by a Relevant Company over its shareholding in any of its Subsidiaries which is not itself a Relevant Company;
- (F) any Security Interest granted by a Relevant Company under any Existing Security Documents provided that, (other than in the case of the Security Interests referred to in paragraph (a) of the definition of "Existing Security Documents") at the same time that such Security Interest is granted, the Relevant Company grants an identical Security Interest over the same assets to the Beneficiaries and under the terms of the Intercreditor Agreement, such Security Interest ranks *pari passu* with the Security Interest(s) arising under the corresponding Security Document which purports to create a Security Interest over the same property, assets or rights provided that any such Existing Security Document will be in the same form as the corresponding Security Document (save for changes directly attributable to the identity of the parties and the loan amounts);
- (G) any Security Interest granted by a Relevant Party to secure any Third Party Debt permitted under Clause 16.12(d) (Restrictions on Financial Indebtedness); and
- (H) any Security Interest not falling within sub-paragraphs (A) to (G) above securing any indebtedness which, when aggregated with all other indebtedness secured by that Relevant Company and each other Relevant Company, does not exceed €15,000,000 (or its equivalent).

16.8 Permitted Business

- (a) Each Obligor will ensure that it and its Subsidiaries which are members of the Borrower Group (other than any Relevant Eastern European Subsidiary) engage:
 - (i) in no material activity outside the Permitted Business; and/or
 - (ii) in the business of acting as the holder of shares and/or interests in other members of the Borrower Group (which shall include the raising of Permitted Financial Indebtedness and the on-lending of such Financial Indebtedness to its Subsidiaries in accordance with the provisions of this Agreement and the entry into of hedging arrangements on behalf of its Subsidiaries).
- (b) The Borrowers will ensure that UPC Financing will engage primarily in the business of a finance company for and in respect of the Borrower Group in connection with the Existing Facilities and the transactions contemplated by the Existing Facility Agreement.

16.9 Compliance with laws

Each Obligor will, and will procure that each of its Subsidiaries which is a member of the Borrower Group will, comply in all material respects with all applicable laws, rules, regulations and orders of any governmental authority, having jurisdiction over it or any of its assets, except where failure to comply with which would not have or be reasonably likely to have a Material Adverse Effect.

16.10 Disposals

- (a) Each Obligor (other than UPC Broadband Holdco) will not and will procure that no other member of the Borrower Group (other than a Relevant Eastern European Subsidiary) will, sell, transfer, lend (subject to Clause 16.14 (Loans and guarantees)) or otherwise dispose of or cease to exercise direct control over (each a **disposal**) any part of its present or future undertaking, assets, rights or revenues whether by one or a series of transactions related or not (other than Permitted Disposals).
- (b) As used herein a **Permitted Disposal** means:
- (i) disposals (including, for the avoidance of doubt, the outsourcing of activities that support or are incidental to the Permitted Business) on arm's length commercial terms in the ordinary course of business;
 - (ii) the disposal of property or other assets on bona fide arm's length commercial terms in the ordinary course of business in consideration for, or to the extent that the net proceeds of disposal are applied within 120 days after such disposal in the acquisition of, property or other assets of a similar nature and approximately equal value to be used in the Permitted Business;
 - (iii) disposals of assets on bona fide arm's length commercial terms where such assets are obsolete or no longer required for the purposes of the Permitted Business;
 - (iv) the application of cash in payments which are not otherwise restricted by the terms of this Agreement and the Security Documents including, for the avoidance of doubt, Permitted Acquisitions and Permitted Payments;
 - (v) disposals (or the payment of management, consultancy or similar fees):
 - (A) by an Obligor to another Obligor; or
 - (B) from a member of the Borrower Group which is not an Obligor, to any member of the Borrower Group; or
 - (C) from an Obligor to another member of the Borrower Group which is not an Obligor;
 - (vi) disposals of any interest in an Unrestricted Subsidiary;
 - (vii) disposals made in connection with Approved Stock Options;
 - (viii) disposals of assets (in addition to those described in sub-paragraphs (i) to (viii) above), comprising or contributing in aggregate a percentage value (as determined in accordance with Clause 7.6(b) (Prepayment from disposal proceeds)) of five per cent. or less (adjusted in accordance with Clause 7.6(a) (Mandatory prepayment from disposal proceeds)) of the total assets, revenues and EBITDA of the Borrower Group provided that no Default has occurred and is continuing or would occur as a result of such disposal;
 - (ix) disposals of undertakings, assets, rights or revenues comprising interests in the share capital of persons not holding or engaged in the Distribution Business of the Borrower Group or other undertakings, assets, rights or revenues not constituting part of the Distribution Business of the Borrower Group (**non-Distribution Business Assets**);
 - (x) payment, transfer or other disposal of consideration for any Acquisition, merger or consolidation permitted by Clause 16.11 (Acquisitions and mergers);
 - (xi) disposals of cash or cash equivalents constituting any distribution, dividend, transfer, loan or other transaction permitted by Clause 16.13 (Restricted Payments);

- (xii) the grant of indefeasible rights of use or equivalent arrangements with respect to network capacity, communications, fibre capacity or conduit, in each case on arm's length commercial terms or on terms that are fair and reasonable and in the best interests of the Borrower Group; and
- (xiii) disposal of any interest (whether direct or indirect) held by Polska Holdco in Fox Kids Inc., Telewizja Korporacja Partycypacyjna SA and/or @media S.p.zoo.

For the avoidance of doubt and without limiting the generality of sub-paragraph (x) above, non-Distribution Business Assets shall include:

- (A) undertakings, assets, rights and revenues comprising interests in the share capital of any person engaged solely in the competitive local exchange carrier (CLEC) business, including without limitation, the business of providing traditional voice and data services and services based on Transmission Control Protocol/Internet Protocol (TCP/IP) technology and other undertakings, assets, rights or revenues constituting a part of such businesses; and
- (B) undertakings, assets, rights and revenues comprising interests in the share capital of any person engaged solely in the business of television and radio programming, including without limitation, the business of creating and distributing special interest television channels, radio programmes, pay per view programmes and near video on demand services and other undertakings, assets, rights or revenues constituting a part of such businesses.

- (c) Except as otherwise expressly permitted in this Agreement or the relevant Security Document, UPC Broadband Holdco will not sell, transfer, lease or otherwise dispose of all or any part of its assets which are subject to a Security Document to which it is a party.

16.11 Acquisitions and mergers

- (a) No Obligor (other than UPC Broadband Holdco) will, and each Obligor (other than UPC Broadband Holdco) will procure that none of its Subsidiaries which is a member of the Borrower Group will, make any Acquisition, other than:
 - (i) any Acquisition approved in writing by the Majority Lenders;
 - (ii) any Permitted Acquisition;
 - (iii) any Permitted Joint Venture; or
 - (iv) any Acquisition from any person which is a member of the Borrower Group or subscription of an interest in the share capital (or equivalent) in any person which is a member of the Borrower Group.
- (b) Each Obligor (other than UPC Broadband Holdco) will not merge or consolidate with any other company or person and will procure that no member of the Borrower Group will merge or consolidate with any other company or person (other than, in each case, in connection with the Romania Restructuring) save for:
 - (i) Acquisitions permitted by paragraphs (a) above and disposals permitted by Clause 16.10 (Disposals); or
 - (ii) with the prior written consent of the Facility Agent (acting on the instructions of the Majority Lenders); or

- (iii) mergers between any member of the Borrower Group with (I) any or all of the other members of the Borrower Group or (II) an Unrestricted Subsidiary (**Original Entities**), into one or more entities (each a **Merged Entity**) provided that:
- (A) reasonable details of the proposed merger in order to demonstrate satisfaction with sub-paragraphs (C) to (G) below are provided to the Facility Agent at least 10 days before the merger is to be entered into;
 - (B) if the proposed merger is between a member of the Borrower Group and an Unrestricted Subsidiary, UPC Broadband has delivered to the Facility Agent financial projections based on assumptions which are no more aggressive than those used in the preparation of the Business Plan which demonstrate that the Borrower Group will be in compliance with the undertakings set out in Clause 17.2 (Financial ratios) for the period commencing on the date of merger and ending on the Final Maturity Date;
 - (C) such Merged Entity will be a member of the Borrower Group and will be liable for the obligations of the relevant Original Entities (including the obligations under this Agreement and the Security Documents), which obligations remain unaffected by the merger, and entitled to the benefit of all rights of such Original Entities;
 - (D) (if all or any part of the share capital of any of the relevant Original Entities was charged pursuant to a Security Document) the equivalent part of the issued share capital of such Merged Entity is charged pursuant to a Security Document on terms of at least an equivalent nature and equivalent ranking as any Security Document relating to the shares in each relevant Original Entity;
 - (E) such Merged Entity has entered into Security Documents (if applicable) which provide security over the same assets of at least an equivalent nature and ranking to the security provided by the relevant Original Entities pursuant to any Security Documents entered into by them;
 - (F) any possibility of the Security Documents referred to in sub-paragraphs (D) or (E) above being challenged or set aside is not materially greater than any such possibility in relation to the Security Documents entered into by, or in respect of the share capital of, any relevant Original Entity; and
 - (G) all the property and other assets of the relevant Original Entities are vested in the Merged Entity and the Merged Entity has assumed all the rights and obligations of the relevant Original Entities under any relevant Material Contracts, material Necessary Authorisations and Licences and other licences or registrations (to the extent reasonably necessary for the business of the relevant Original Entities) granted in favour of the Original Entities under Telecommunications and Cable Laws and/or all such rights and obligations have been transferred to the Merged Entity and/or the relevant Material Contracts, Necessary Authorisations and Licences and other licences or registrations (to the extent reasonably necessary for the business of the relevant Original Entities) granted in favour of the Original Entities under Telecommunications and Cable Laws have been reissued to the Merged Entity.

16.12 Restrictions on Financial Indebtedness

- (a) Each Obligor (other than UPC Broadband Holdco) will not, and will procure that no other member of the Borrower Group (other than a Relevant Eastern European Subsidiary) will, create, incur or otherwise permit to be outstanding any Financial Indebtedness (other than Permitted Financial Indebtedness).
- (b) As used herein, **Permitted Financial Indebtedness** means, without duplication:
- (i) any Financial Indebtedness arising hereunder or under the Security Documents;
 - (ii) any Financial Indebtedness arising under the Existing Facility;
 - (iii) any Financial Indebtedness or guarantees permitted pursuant to Clause 16.14 (Loans and guarantees);
 - (iv) any Financial Indebtedness incurred through a Subordinated Shareholder Loan made to any member of the Borrower Group;
 - (v) any Financial Indebtedness of any member of the Borrower Group arising as a result of the issue by it or a financial institution of a surety or performance bond in relation to the performance by such member of the Borrower Group or its obligations under contracts entered into in the ordinary course of its business (other than for the purpose of raising finance);
 - (vi) any Financial Indebtedness approved in writing by the Facility Agent (acting on the instructions of the Majority Lenders);
 - (vii) any Financial Indebtedness incurred in connection with the Senior Hedging Agreements and any other hedging arrangements permitted by Clause 16.17 (Hedging);
 - (viii) any deposits or prepayments constituting Financial Indebtedness received by any member of the Borrower Group from a customer or subscriber for its services;
 - (ix) any Financial Indebtedness owing by any member of the Borrower Group being Management Fees or management, consultancy or similar fees payable to another member of the Borrower Group in respect of which payment has been deferred;
 - (x) any Financial Indebtedness being Permitted Payments in respect of which payment has been deferred;
 - (xi) any Financial Indebtedness of a company which is acquired by a member of the Borrower Group after the date hereof as an acquisition permitted by Clause 16.11 (Acquisitions and mergers) where such Financial Indebtedness existed at the date of completion of such Permitted Acquisition provided that (A) such Financial Indebtedness was not incurred in contemplation of the acquisition, (B) the amount of such Financial Indebtedness is not increased beyond the amount in existence at the date of completion of the acquisition and (C) such Financial Indebtedness is discharged within six months of the date of completion of the acquisition;
 - (xii) any Financial Indebtedness of any member of the Borrower Group, in respect of which the person or persons to whom such Financial Indebtedness is or may be owed has or have no recourse whatever to any member of the Borrower Group for any payment or repayment in respect thereof other than recourse to such member of the Borrower Group for the purpose only of enabling amounts to be claimed in respect of such Financial Indebtedness in an enforcement of any Security Interest given by any member of the Borrower Group over non-Distribution Business Assets, provided that:
 - (A) the extent of such recourse to such member is limited solely to the amount of any recoveries made on any such enforcement;

- (B) such person or persons are not entitled, pursuant to the terms of any agreement evidencing any right or claim arising out of or in connection with such Financial Indebtedness, to commence proceedings for the winding up, dissolution or administration of any member of the Borrower Group (or proceedings having an equivalent effect) or to appoint or procure the appointment of any receiver, trustee or similar person or officer in respect of any member of the Borrower Group or any of its assets (save only for the non-Distribution Business Assets the subject of that Security Interest) until after the Commitments have been reduced to zero and all amounts outstanding under the Finance Documents have been repaid or paid in full; and
- (C) the aggregate outstanding amount of all such Financial Indebtedness of all members of the Borrower Group does not exceed €100,000,000 (or its equivalent in other currencies);

(xiii) any Financial Indebtedness of any member of the Borrower Group (other than any Obligor) constituting Financial Indebtedness to all the holders (or their Associated Companies) of the share capital of any such member of the Borrower Group on a basis that is substantially proportionate to their interests in such share capital (with any disproportionately large interest received by any member of the Borrower Group or any disproportionately small interest received by any person other than a member of the Borrower Group, in each case relative to its interests in such share capital, being ignored for this purpose), provided such Financial Indebtedness does not bear interest (other than by way of addition to its principal amount on a proportionate basis as described above) and is made on terms that repayment or pre-payment of such Financial Indebtedness shall only be made to each such holder (A) in proportion to their respective interests in such share capital (ignoring any disproportionately large interest held by any member of the Borrower Group or any disproportionately small interest received by any person other than a member of the Borrower Group, in each case relative to its interests in such share capital, for this purpose) and (B) only on and in connection with the liquidation or winding up (or equivalent) of such member of the Borrower Group;

(xiv) any Financial Indebtedness arising under the Permitted Borrower Group Revolving Credit Facility or the Permitted Borrower Group Guarantee Facilities; and

(xv) any other Financial Indebtedness in addition to the Financial Indebtedness falling within paragraphs (i) to (xiv) above not exceeding at any time more than €25,000,000 in aggregate (or its equivalent) provided that such Financial Indebtedness is not indebtedness incurred in respect of Acquisitions.

(c) No Obligor will, and each Obligor will procure that none of its Subsidiaries which is a member of the Borrower Group will, incur or have outstanding any Financial Indebtedness due to or for the benefit of UPC or any Subsidiary of UPC (not being a member of the Borrower Group), other than Subordinated Shareholder Loans and any Permitted Financial Indebtedness referred to in Clause 16.12(b)(vi), (viii), (ix), (x) or (xii).

(d) (i) Subject to sub-paragraph (ii) below, UPC Broadband will ensure that no member of the UGCE Borrower Group will incur any Third Party Debt (other than any Third Party Debt subsisting prior to 28th September, 2002) unless such Third Party Debt will not become due and payable until after 31st December, 2011.

(ii) Sub-paragraph (d)(i) above shall not apply if:

- (A) the most recently delivered financial statements provided to the Facility Agent under Clause 16.2(b) (Financial information) show that, for the two most recent Ratio Periods, the applicable ratio for the purposes of Clause 17.2(a) (Financial ratios) is 3.5:1 or less; or

- (B) the principal amount of such Third Party Debt, when aggregated with (I) any other Third Party Debt incurred by that member of the UGCE Borrower Group after 28th September, 2002, and (II) any Third Party Debt incurred by any other member of the UGCE Borrower Group after 28th September, 2002, is equal to or less than €15,000,000.

16.13 Restricted Payments

- (a) Except for any payment or transfer of consideration for the transfer of shares or receivables to a member of the Borrower Group pursuant to the Restructuring, each Obligor (other than UPC Broadband Holdco) will not, and will procure that no member of the Borrower Group will, make any Restricted Payments other than Permitted Payments or enter into any transaction with a Restricted Person other than on bona fide arm's length commercial terms or on terms which are fair and reasonable and in the best interests of the Borrower Group.

- (b) As used herein, a **Restricted Payment** means, in each case whether in cash, securities, property or otherwise:

- (i) any direct or indirect distribution, dividend or other payment on account of any class of its share capital or capital stock or other securities;
- (ii) any payment of principal of, or interest on, any loan; or
- (iii) any transfer of assets, loan or other payment,

in the case of each of (i), (ii) and (iii), to a Restricted Person.

- (c) As used herein, a **Permitted Payment** means any distribution, dividend, transfer of assets, loan or other payment:

- (i) to any Restricted Person in relation to transactions carried out on bona fide arm's length commercial terms in the ordinary course of business or on terms which are fair and reasonable and in the best interests of the Borrower Group (including, but not limited to, such transactions under Clause 16.21 (Priority));
- (ii) by way of payment of Management Fees (A) which are paid on bona fide arm's length terms in the ordinary course of business to a Restricted Person or (B) of up to €15,000,000 in any financial year provided that, at the time of payment, no Default is subsisting or would occur as a result of such payment;
- (iii) by way of payment of interest on Subordinated Shareholder Loans, provided that:

- (A) such interest is applied ultimately in payment of (1) all or any interest due in respect of Serviceable Subordinated Debt where all or part of the proceeds of the corresponding Subordinated Shareholder Loans have been applied in mandatory permanent prepayment of the Existing Facility or Facility D; (2) all or any interest due in respect of the UGC Convertible (provided that €450 million or more (being proceeds from the UGC Convertible or otherwise) has been applied in permanent prepayment and cancellation of Facility B since 15th June, 2004 in accordance with the Existing Facility Agreement); or (3) only the interest due in respect of that part of the outstanding principal amount of any Serviceable Subordinated Debt which corresponds to the amount of the proceeds of the corresponding Subordinated Shareholder Loans which have been applied in permanent prepayment and cancellation (other than a mandatory prepayment) of the Facility D or the Existing Facility; or

- (B) the then applicable ratio for the purposes of Clause 17.2(a) (Financial ratios) is 3.5:1 (or less),

and in each case no Default has occurred and is continuing or would occur as a result of such payment;

- (iv) by way of distributions, dividends or other payments paid by UPC Broadband in respect of its share capital or by way of repayment or payment by UPC Broadband or the relevant member of the Borrower Group (as the case may be) in respect of a Subordinated Shareholder Loan (each a **Relevant Payment**) but only to the extent that UPC Broadband or the relevant member of the Borrower Group (as the case may be) has either (A) received a corresponding distribution, dividend or other payment from an Unrestricted Subsidiary or any other person in which UPC Broadband has any interest that is not a member of the Borrower Group of at least an equal amount to such Relevant Payment; or (B) the Relevant Payment is made from the proceeds of sale or a disposal by UPC Broadband or the relevant member of the Borrower Group (as the case may be) permitted by Clause 16.10(b)(vi) (Disposals);
- (v) by way of payment to any person or for any purpose to the extent that any such payment would be permitted to be made to UGCE Inc. or the relevant Subordinated Creditor pursuant to sub-paragraph (iii) above and provided that any such payment shall automatically reduce the liability to UGCE Inc. or the relevant Subordinated Creditor under the relevant obligation referred to in sub-paragraph (iii) above to the extent of the amount paid;
- (vi) by way of the repayment of any Subordinated Shareholder Loan made, or the redemption of equity share capital in a member of the Borrower Group subscribed for, to finance a Permitted Acquisition or a Permitted Joint Venture, provided that no Default has occurred and is continuing or would occur as a result of such payment;
- (vii) by way of payment to any Restricted Person of consideration for an acquisition, merger or consolidation permitted by Clause 16.11 (Acquisitions and mergers);
- (viii) by way of transfer to any Restricted Person of any non-Distribution Business Assets (as defined in Clause 16.10(b)(x) (Disposals)) permitted in accordance with Clause 16.10(b)(x) (Disposals); and
- (ix) by way of repayment of a principal amount of no more than €26,000,000 of the Subordinated Shareholder Loan between UPC Holding as lender and UPC Broadband as borrower where such repayment is made in consideration for the transfer by UPC Broadband to UPC Holding of the receivable owed to it by Priority Telecom Netherlands N.V. and/or its Subsidiaries as at the date of the Amendment Agreement,

and provided further that, in the case of (iii), (v) and (vi), prior to making the relevant payment the Borrower Group is in compliance with the financial covenants set out in Clause 17.2 (Financial ratios) and would be in compliance with such covenants if Total Cash Interest had been increased by the amount of the proposed Permitted Payment and all other Permitted Payments made since the date to which the most recent financial statements delivered under Clause 16.2(a) or (b) (Financial information) were prepared.

- (d) The restriction contained in paragraph (a) on the payment by any member of the Borrower Group of Management Fees shall cease to apply during such period as the applicable ratio for the purposes of Clause 17.2(a) (Financial ratios) is 3.50:1 (or less), provided that no Management Fees may be paid by any member of the Borrower Group at any time after a Relevant Event has occurred or if a Relevant Event would result from such payment.

16.14 Loans and guarantees

Each Obligor (other than UPC Broadband Holdco) will not, and will procure that no member of the Borrower Group will make any loans, grant any credit or give any guarantee, to or for the

benefit of, or enter into any transaction having the effect of lending money to, any person, other than:

- (a) loans from a member of the Borrower Group to another member of the Borrower Group, provided that no Obligor shall make a loan to any other member of the Borrower Group unless:
 - (i) such Obligor has first entered into an Obligor Pledge of Shareholder Loans which creates an effective pledge in favour of the Security Agent in relation to such loan and provided the Security Agent with such evidence as it may reasonably request as the power and authority of such Obligor to enter into such Obligor Pledge of Shareholder Loans and that such Obligor Pledge of Shareholder Loans constitutes valid and legally binding obligations of such Obligor enforceable in accordance with its terms subject (to the extent possible) to substantially similar qualifications to those made in the legal opinions referred to in Schedule 2 (Conditions Precedent Documents); and
 - (ii) the relevant member of the Borrower Group to whom the shareholder loan is to be made has given a notification of pledge to the Security Agent in respect of such shareholder loans;
- (b) as permitted by Clause 16.12 (Restrictions on Financial Indebtedness);
- (c) normal trade credit in the ordinary course of business;
- (d) guarantees given:
 - (i) by any Obligor in respect of the liabilities of another Obligor;
 - (ii) by a member of the Borrower Group in respect of the liabilities of an Obligor; or
 - (iii) by a member of the Borrower Group (which is not an Obligor) in respect of the liabilities of another member of the Borrower Group (which is not an Obligor); or
 - (iv) by an Obligor in respect of the liabilities of any other member of the Borrower Group to the extent that such liabilities could have been incurred by such Obligor directly without breaching this Agreement; or
- (e) to the extent that the same constitute Permitted Payments or a Permitted Disposal (not being a Permitted Disposal of cash or cash equivalents);
- (f) loans, the granting of credit, guarantees and other transactions having the effect of lending money (each a **Lending Transaction**) from a member of the Borrower Group, in connection with an acquisition by that member which is permitted by Clause 16.11 (Acquisitions and mergers), to the relevant person being acquired or one or more of its Subsidiaries, provided that:
 - (i) no Lending Transaction may have a term longer than 12 months (including any extensions or refinancings of the original Lending Transaction); and
 - (ii) the aggregate outstanding principal amount of all Lending Transactions (which principal amount shall be deemed to be no longer outstanding for this purpose at the time the beneficiary of the relevant Lending Transaction becomes a member of the Borrower Group upon completion of the relevant acquisition, provided such Lending Transaction was made to or in favour of the person acquired or its Subsidiaries) shall not exceed €100,000,000 at any time; and
- (g) Lending Transactions from a member of the Borrower Group to any person of the proceeds of equity subscribed by any Restricted Person in, or Subordinated Shareholder Loans provided to, such member (other than any such proceeds which are otherwise applied in mandatory prepayment of any or all Facilities under this Agreement or the Existing Facilities under the Existing Facility Agreement or pursuant to Clause 17.4 (Cure provisions) or otherwise).

16.15 Environmental matters

Each Obligor (other than UPC Broadband Holdco) will and will procure that each of its Subsidiaries which is a member of the Borrower Group will:

- (a) (i) obtain all requisite Environmental Licences, (ii) comply with the terms and conditions of all Environmental Licences applicable to it and (iii) comply with all other applicable Environmental Law, in each case where failure to do so would or is reasonably likely to have a Material Adverse Effect;
- (b) promptly upon receipt of the same, notify the Facility Agent and the Security Agent of any claim, notice or other communication served on it in respect of any alleged breach of, or corrective or remedial obligation or liability under, any Environmental Law which, if substantiated, would or is reasonably likely to have a Material Adverse Effect.

16.16 Insurance

Each Obligor (other than UPC Broadband Holdco) will, and will procure that each of its Material Subsidiaries which is a member of the Borrower Group will maintain insurance cover of a type and level which a prudent company in the same business would effect.

16.17 Hedging

- (a) Each Obligor (other than UPC Broadband Holdco) will not, and will procure that no member of the Borrower Group will, enter into any interest rate or currency swaps, other interest rate or currency derivative transactions or other hedging arrangements other than:
 - (i) transactions and arrangements entered into with a High Yield Hedging Bank or a Senior Hedging Bank directly relating to the management of interest rate and/or currency exchange rate risk arising out of any Financial Indebtedness of any member of the Borrower Group permitted to subsist by the terms of this Agreement (or transactions and arrangements relating to interest rate or currency swaps, other interest rate or currency derivative transactions or other hedging arrangements that themselves relate to the management of interest rate and/or currency exchange rate risk arising out of any Financial Indebtedness of any member of the Borrower Group permitted to subsist by the terms of this Agreement), in each case excluding any such transactions or arrangements that directly or indirectly relate to Subordinated Shareholder Loans; and
 - (ii) transactions and arrangements entered into by any Obligor with a Senior Hedging Bank directly relating to the management of currency exchange risk arising out of income denominated in a currency other than euro (each such transaction or arrangement, a **Cash Flow Hedging Agreement**); and
 - (iii) to the extent they constitute interest rate or currency swaps or other hedging arrangements, the guarantees granted by each of the Guarantors pursuant to Clause 14 (Guarantee) or clause 14 (Guarantee) of the Existing Facility Agreement (as applicable) in respect of any High Yield Hedging Agreements.
- (b) UPC Broadband will procure that any member of the Borrower Group that enters into a Senior Hedging Agreement (as defined in the Existing Facility Agreement) and any member of the UGCE Borrower Group that enters into a High Yield Hedging Agreement accedes to the Security Deed and the Intercreditor Agreement as a Charging Entity by delivering to the Security Agent a Security Provider's Deed of Accession duly executed by that company.

16.18 Intellectual Property Rights

Except as otherwise permitted by this Agreement, each Obligor (other than UPC Broadband Holdco) will, and will procure that each of its Subsidiaries which is a member of the Borrower Group will:

- (a) make such registrations and pay such fees and similar amounts as are necessary to keep those registered Intellectual Property Rights owned by any member of the Borrower Group and which are material to the conduct of the business of the Borrower Group as a whole from time to time;
- (b) take such steps as are necessary and commercially reasonable (including, without limitation, the institution of legal proceedings) to prevent third parties infringing those Intellectual Property Rights referred to in paragraph (a) above and (without prejudice to paragraph (a) above) take such other steps as are reasonably practicable to maintain and preserve its interests in those rights, except where failure to do so will not have or be reasonably likely to have a Material Adverse Effect;
- (c) ensure that any licence arrangements in respect of the Intellectual Property Rights referred to in paragraph (a) above entered into with any third party are entered into on arm's length terms and in the ordinary course of business (which shall include, for the avoidance of doubt, any such licensing arrangements entered into in connection with outsourcing on normal commercial terms) and will not have or be reasonably likely to have a Material Adverse Effect;
- (d) not permit any registration of any of the Intellectual Property Rights referred to in paragraph (a) above to be abandoned, cancelled or lapsed or to be liable to any claim of abandonment for non-use or otherwise to the extent the same would or is reasonably likely to have a Material Adverse Effect; and
- (e) pay all fees, and comply with each of its material obligations under, any licence of Intellectual Property Rights which are material to the conduct of the business of the Borrower Group as a whole from time to time.

16.19 Share capital

Each Obligor (other than UPC Broadband Holdco) will not, and will procure that no member of the Borrower Group (other than in respect of such other members of the Borrower Group in order to permit a solvent reorganisation permitted under Clause 16.11(b)(iii) (Acquisitions and mergers)) will, reduce its capital or purchase or redeem any class of its shares or any other ownership interest in it, except to the extent the same constitutes a Permitted Payment or in the case of members of the Borrower Group other than the Obligors, is otherwise permitted by Clause 16.13 (Restricted Payments) or is in connection with the Romania Restructuring.

16.20 Inter-connection and chello

Each Obligor (other than UPC Broadband Holdco) will ensure that each member of the Borrower Group which is not a Relevant Eastern European Subsidiary:

- (a) which offers residential telephony services in any country, maintains inter-connection arrangements with one or more major fixed line telephony operators in that country; and
- (b) which offers internet and/or data services is provided with such services by UPC Broadband N.V. or by another provider on arm's length commercial terms.

16.21 Priority

For as long as Priority Telecom N.V. is a Restricted Person, each Obligor (other than UPC Broadband Holdco) will not and will not permit any contractual arrangements between Priority Telecom N.V. and the Borrower Group to be entered into other than on bona fide arm's length commercial terms or on terms that are fair and reasonable and in the best interests of the Borrower Group.

16.22 [Intentionally left blank]

16.23 UPC Broadband Pledged Account

- (a) Subject to receipt of all necessary legal, regulatory, shareholder and partner approvals (all of which each Obligor will, and will ensure that each of its Subsidiaries will, use all reasonable efforts to obtain as soon as practicable), each Obligor (other than UPC Broadband Holdco) shall ensure that it and each of its Subsidiaries which is a member of the Borrower Group, promptly following the last day of each calendar quarter of UPC Broadband ending after 30th June, 2004 transfers an amount equal to its Excess Cash on that date to the UPC Broadband Pledged Account.
- (b) For the purposes of this Clause 16.23:
 - (i) **Excess Cash** means, in relation to any member of the Borrower Group at any time, the aggregate cash in hand and at bank (less withdrawals and other transfers of cash that have not cleared at bank) of that member at that time in excess of €5,000,000 (or its equivalent in other currencies); and
 - (ii) the **UPC Broadband Pledged Account** means one or more accounts in the name of UPC Broadband or any other member of the Borrower Group, held with a branch of a bank or financial institution, which has been pledged to the Beneficiaries pursuant to a Security Document in the agreed form and in respect of which account(s) all notices required by that Security Document have been served upon the relevant bank or financial institution in the manner required by that Security Document and the relevant account bank(s) have waived any lien, right of set-off or other Security Interest, other than in respect of routine account keeping charges and set offs between UPC Broadband Pledged Accounts.
- (c) UPC Broadband may withdraw amounts standing to the credit of the UPC Broadband Pledged Account at any time provided that:
 - (i) any such withdrawn amount is to be applied to meet expenditure arising in the course of the Business of the Borrower Group as carried on in accordance with this Agreement or for any other purpose permitted under this Agreement; and
 - (ii) no Event of Default has occurred which is continuing.

16.24 Share security

Each Obligor (other than UPC Broadband Holdco) will not, and will procure that no member of the Borrower Group will, issue any shares of any class provided that:

- (a) notwithstanding paragraph (b), an Obligor (other than UPC Broadband, UPC Holding II or UPC Broadband Holdco) may issue shares to any person other than a member of the Borrower Group and shall not be required to procure that such shares are charged or pledged in favour of the Beneficiaries, provided that such share issue does not result in a Change of Control;
- (b) any member of the Borrower Group may issue shares to or otherwise acquire additional rights from any other member of the Borrower Group so long as (if any of the existing shares in the relevant member of the Borrower Group are charged or pledged in favour of any Beneficiary)

such shares are charged or pledged in favour of the Beneficiaries pursuant to the terms of a Security Document and there are delivered at the same time to the Security Agent the relevant share certificates and blank stock transfer forms (or equivalent documents) in respect thereof together with such other documents and evidence and legal opinions as the Security Agent may reasonably require;

- (c) UPC Broadband and UPC Holding II may issue shares to UPC Broadband Holdco provided that such shares are charged or pledged in favour of the Beneficiaries pursuant to the terms of a Security Document and there are delivered at the same time to the Security Agent the relevant share certificates and blank stock transfer forms (or equivalent documents) in respect thereof together with such other documents and evidence and legal opinions as the Security Agent may reasonably require;
- (d) any member of the Borrower Group may issue shares pursuant to the exercise of Approved Stock Options;
- (e) a member of the Borrower Group may issue shares as part of an Acquisition or merger or consolidation permitted by Clause 16.11 (Acquisitions and mergers), provided that the issue of such shares does not cause a Change of Control;
- (f) a member of the Borrower Group (other than an Obligor) may issue shares to all the holders of the share capital of such member pro rata to their interests in such share capital provided that, if any existing shares in that member of the Borrower Group are charged or pledged in favour of any Beneficiary under any Security Document, upon issue the shares that are issued to any other member of the Borrower Group or any Shareholder are charged or pledged in favour of the Beneficiaries as provided in paragraph (b) above; and
- (g) any member of the Borrower Group (other than UPC Broadband or UPC Holding II) may issue shares to any person pursuant to any agreement or other legally binding arrangement existing, and disclosed to the Facility Agent in writing, on or before the Signing Date, provided that such share issue does not result in a Change of Control.

16.25 Shareholder Loans

- (a) Each Obligor will procure that prior to any Restricted Person making any Financial Indebtedness (other than Permitted Payments) available to any member of the Borrower Group, such Restricted Person shall enter into a Pledge of Subordinated Shareholder Loans on terms and conditions satisfactory to the Facility Agent and a Security Provider's Deed of Accession and provides (i) the Facility Agent with such documents and evidence as it may reasonably require as to the power and authority of the Restricted Person to enter into such Pledge of Subordinated Shareholder Loans and Security Provider's Deed of Accession and that the same constitute valid and legally binding obligations of such Restricted Person enforceable in accordance with their terms subject (to the extent applicable) to substantially similar qualifications to those made in the legal opinions referred to in Schedule 2 (Conditions Precedent Documents); and (ii) notification of such pledge to the relevant member of the Borrower Group.
- (b) Each Obligor shall ensure that each Subordinated Shareholder Loan and each shareholder loan entered into between an Obligor which is a party to an Obligor Pledge of Shareholder Loans as a creditor and a member of the Borrower Group is governed by the law of The Netherlands.

16.26 Further security over receivables

UPC Broadband shall:

- (a) on each date on which it is required to deliver the financial statements referred to in Clause 16.2(b) (Financial information) in respect of its second and fourth financial quarters in

each financial year, notify the Facility Agent of the details of any contracts, agreements or other arrangements entered into by any member of the Borrower Group with Priority Telecom N.V. at any time under which receivables owing to such member of the Borrower Group aggregating €10,000,000 (or its equivalent in other currencies) or more are outstanding on such date, together with details of such receivables; and

- (b) if the Facility Agent (acting on the instructions of the Majority Lenders) requires, promptly grant, or procure the grant by the relevant member of the Borrower Group of (in each case subject to receipt of all necessary legal, regulatory, shareholder and partner approvals, other than approvals from Priority Telecom N.V. all of which UPC Broadband will and will ensure that each member of the Borrower Group will use all reasonable efforts to obtain as soon as possible) (i) a pledge in favour of the Beneficiaries over the receivables referred to in (a) above in substantially the same form as a receivables pledge already granted to the Security Agent by a member of the Borrower Group in respect of receivables located in, or governed by the laws of, or (as the case may be) owed by or to a person incorporated in, the same jurisdiction as the relevant receivables or (as the case may be) relevant person by or to whom such receivables are owed or in such other form as the Security Agent may reasonably request and (ii) a Security Provider's Deed of Accession and shall provide the Security Agent with such evidence as it may reasonably request as to the power and authority of such member of the Borrower Group to enter into such pledge of receivables and Security Provider's Deed of Accession and that the same constitute valid and legally binding obligations of such member enforceable in accordance with their terms subject (to the extent possible) to substantially similar qualifications to those made in the legal opinions referred to in Schedule 2 (Conditions Precedent Documents), together with all such notices and other documents as the Security Agent may reasonably require to perfect the receivables pledge.

16.27 Financial year end

Each Obligor (other than UPC Broadband Holdco) will, and will procure that its Subsidiaries which are members of the Borrower Group will, maintain a financial year end of 31st December, save with the prior written consent of the Facility Agent (acting on the instructions of the Majority Lenders in each case not to be unreasonably withheld).

16.28 Capital expenditure

Each Obligor (other than UPC Broadband Holdco) will not, and will procure that no member of the Borrower Group will, incur any material Capital Expenditure other than in relation to the Permitted Business.

16.29 Constitutive documents

Each Obligor will not, and will procure that no member of the Borrower Group will, amend its constitutive documents in any way which would or is reasonably likely to materially adversely affect (in terms of value, enforceability or otherwise) any charge or pledge over the shares or partnership interest of any member of the Borrower Group granted to the Beneficiaries pursuant to the Security Documents.

16.30 ERISA

Each Obligor (other than UPC Broadband Holdco) will, and will procure that its Subsidiaries which are members of the Borrower Group will, give the Facility Agent prompt notice of the adoption of, participation in or contribution to any Plan by it or any ERISA Affiliate, or any action by any of these to adopt, participate in or contribute to any Plan, or the incurrence by any of them of any liability or obligation to any Plan.

16.31 UPC Financing

- (a) Each Borrower will ensure that the proceeds of any loan made to the UPC Financing by UPC Broadband or UPC Holding II and the proceeds of any drawing made by UPC Financing under Facility C shall be invested by way of intercompany loan or equity subscription in one or more other members of the Borrower Group within five Business Days of receipt of such proceeds or, as the case may be, the relevant Utilisation Date.
- (b) Each Obligor (other than UPC Broadband Holdco) will ensure that, in accordance with the terms of any pledge of intercompany loans made by UPC Financing, any intercompany loan made by UPC Financing to any Obligor or any Subsidiary of an Obligor which is a member of the Borrower Group is made on bona fide arm's length commercial terms or on terms which are fair and reasonable and in the best interests of UPC Financing and entered into in good faith.

17. FINANCIAL COVENANTS

17.1 Financial definitions

In this Clause 17:

Annualised EBITDA means:

- (a) for the purposes of the definition of Permitted Acquisition in respect of any person, in respect of any six month period, two times EBITDA of that person for that period; and
- (b) for all other purposes, in respect of any Ratio Period, two times EBITDA of the Borrower Group for that Ratio Period.

EBITDA means, in respect of any period or person, the Net Income of that person (plus, in the case of the Borrower Group, any amount attributable to non-cash compensation payable to employees or directors of members of the Borrower Group deducted in calculating Net Income, any depreciation, amortisation, other non-cash charges (such as deferred Taxes), accrued Management Fees (whether or not paid), fees accrued (whether or not paid) in respect of Financial Indebtedness and interest expense and other charges in respect of Financial Indebtedness) for such period adjusted as follows:

- (a) minus extraordinary income of the relevant person for such period;
- (b) plus any extraordinary expenses (including one off restructuring costs) of the relevant person for such period;
- (c) minus any interest income of the relevant person for such period; and
- (d) in the case of the Borrower Group, minus any Management Fees paid during such period,

to the extent attributed to the Distribution Business of the Borrower Group and all as determined in accordance with GAAP and (in the case of the Borrower Group) as shown in the relevant financial statements prepared and delivered to the Facility Agent pursuant to Clause 16.2(a) or (b) (Financial information) (as the case may be).

Interest means:

- (a) interest and amounts in the nature of interest (including, without limitation, the interest element of finance leases) accrued;
- (b) discount fees and acceptance fees payable or deducted in respect of any Financial Indebtedness (including all commissions payable in connection with any letter of credit); and
- (c) any net payment (or, if appropriate in the context, receipt) under any interest rate hedging agreement or instrument (including without limitation under the Senior Hedging Agreements

and (as applicable) High Yield Hedging Agreements), taking into account any premiums payable.

Net Income means, in respect of any period and for any period, the net profit after Taxes and (in the case of the Borrower Group only) Management Fees, in the case of the Borrower Group to the extent attributed to the Distribution Business of the Borrower Group for such period as determined in accordance with GAAP and (in the case of the Borrower Group) as shown in the financial statements in respect of such period prepared and delivered to the Facility Agent pursuant to Clause 16.2(a) or (b) (Financial information).

Ratio Period means each period of approximately 6 months covering two quarterly Accounting Periods of the Borrower Group ending on each date to which each set of financial statements required to be delivered under Clause 16.2(a) or (b) (Financial information) are prepared.

Senior Debt means at any time, the consolidated Financial Indebtedness of the Borrower Group, excluding:

- (a) any Financial Indebtedness which is a contingent obligation of a member of the Borrower Group; and
- (b) any Subordinated Shareholder Loans and any Financial Indebtedness referred to in Clause 16.12(b)(viii), (xi), (xii) and (xiii) (Restrictions on Financial Indebtedness).

Senior Debt Service means, for any Ratio Period, the sum of:

- (a) all scheduled repayments (including scheduled reductions of revolving credits to the extent they are drawn) of Senior Debt which fell due during such Ratio Period excluding any scheduled repayments of facilities under this Agreement or the Existing Facility Agreement that are funded by drawings of Facility D or an Additional Facility in accordance with the terms of this Agreement; and
- (b) Total Cash Interest for that Ratio Period.

Senior Interest means, in respect of any period, the amount of Total Cash Interest accrued in respect of Senior Debt during that period.

Total Cash Interest means, in respect of any period, the total amount of all Interest accrued in respect of Senior Debt and Subordinated Shareholder Loans during such period and payable in cash (either during such period or after such period) (having taken into account the effect of any Senior Hedging Agreements), except in each case, to the extent that such payments (other than payments in respect of Senior Debt) are funded by distributions made by Unrestricted Subsidiaries to UPC Broadband or any other member of the Borrower Group and excluding, for the avoidance of doubt, capitalisation of Interest accrued in respect of Subordinated Shareholder Loans.

Total Debt means, at any time, the aggregate amount of:

- (a) Senior Debt; and
- (b) Financial Indebtedness of each other member of the UGCE Borrower Group, but excluding any Financial Indebtedness (i) owing between members of the UGCE Borrower Group and (ii) owing between a member of the UGCE Borrower Group and a member of the Wider Group (other than a member of the UGCE Borrower Group).

17.2 Financial ratios

UPC Broadband will procure that:

- (a) the ratio of Senior Debt to Annualised EBITDA for each Ratio Period which ends on a date or in a period specified in column 1 below shall not exceed the ratio specified in column 2 below opposite such date or period:

Test Dates	Ratio
30th September, 2003	7.75:1
31st December, 2003	6.75:1
31st March, 2004	6.75:1
30th June, 2004	5.90:1
30th September, 2004	5.40:1
31st December, 2004	4.90:1
31st March, 2005	4.80:1
30th June, 2005	4.60:1
30th September, 2005	4.40:1
31st December, 2005	4.10:1
thereafter	4.00:1

- (b) the ratio of EBITDA to Total Cash Interest for each Ratio Period which ends on a date or in a period specified in column 1 below shall not be less than the ratio specified in column 2 below opposite such date and period:

Test Dates	Ratio
30th September, 2003	2.25:1
31st December, 2003	2.25:1
31st March, 2004	2.00:1
30th June, 2004	2.25:1
30th September, 2004	2.50:1
31st December, 2004	2.50:1
31st March, 2005	2.50:1
30th June, 2005	2.50:1
30th September, 2005	2.75:1
31st December, 2005	2.75:1
31st March, 2006	2.75:1
30th June, 2006	2.75:1
Thereafter	3.00:1

- (c) the ratio of EBITDA to Senior Debt Service for each Ratio Period which ends on a date or in a period specified in column 1 below shall not be less than the ratio specified in column 2 below opposite such date or period:

Test Dates	Ratio
31st December, 2003	1.00:1
31st March, 2004	1.00:1
30th June, 2004	1.50:1
30th September, 2004	1.50:1
31st December, 2004	1.50:1
31st March, 2005	2.25:1
30th June, 2005	2.25:1
30th September, 2005	2.25:1
31st December, 2005	2.25:1
31st March, 2006	2.25:1
30th June, 2006	1.00:1
30th September, 2006	1.00:1
31st December, 2006	1.00:1
31st March, 2007	1.00:1
Thereafter	1.00:1

- (d) the ratio of EBITDA to Senior Interest for each Ratio Period which ends on a date or in a period specified in column 1 below shall not be less than the ratio specified in column 2 below opposite such date or period:

Test Dates	Ratio
30th September, 2003	2.25:1
31st December, 2003	2.25:1
31st March, 2004	2.10:1
30th June, 2004	2.10:1
30th September, 2004	2.50:1
31st December, 2004	2.65:1
31st March, 2005	2.80:1
30th June, 2005	2.85:1
30th September, 2005	3.05:1
31st December, 2005	3.15:1
thereafter	3.40:1

; and

- (e) the ratio of Total Debt to Annualised EBITDA for each Ratio Period shall not exceed 5.75:1.

17.3 Calculations

For the purposes of Clause 17.2 (Financial ratios), Senior Debt for any Ratio Period will be calculated on the basis of Senior Debt outstanding on the last day of that Ratio Period.

17.4 Cure provisions

- (a) UPC Broadband may cure a breach of the financial ratios set out in Clause 17.2(a), (b), (c), (d) and (e) (Financial ratios) by procuring that additional equity is injected into the Borrower Group by one or more Restricted Persons and/or additional Subordinated Shareholder Loans are provided to the Borrower Group in an aggregate amount equal to:
- (i) in the case of a breach of Clause 17.2(a) or (e) (Financial ratios), the amount which, if it had been deducted from Senior Debt or Total Debt (as applicable) for the Ratio Period in respect of which the breach arose, would have avoided the breach; or
 - (ii) in the case of a breach of Clause 17.2(b), (c) or (d) (Financial ratios), the amount which, if it had been added to EBITDA for the Ratio Period in respect of which the breach arose, would have avoided the breach; or
 - (iii) in the case of a breach of more than one paragraph of Clause 17.2 (Financial ratios), the higher of the relevant amount referred to in (i) or (ii) above.
- (b) A cure under paragraph (a) above will not be effective unless:
- (i) the required amount of additional equity or the proceeds of Subordinated Shareholder Loans is received by the Borrower Group before delivery of the financial statements delivered under Clause 16.2(a) or (b) (Financial information) which show that Clause 17.2 (Financial ratios) has been breached; and
 - (ii) in the case of a cure of Clause 17.2(a) or (e) (Financial ratios), the proceeds of the relevant additional equity or Subordinated Shareholder Loans are applied in full in or towards repayment or prepayment of Facility A Advances (as defined in the Existing Facility Agreement) in accordance with Clause 7 (Cancellation and Prepayment) and, to the extent of any surplus after such repayment or prepayment, for the purposes of the Permitted Business.

- (c) No cure may be made under this Clause 17.4:
 - (i) in respect of more than five Ratio Periods during the life of the Facilities; or
 - (ii) in respect of consecutive Ratio Periods.
- (d) Where a cure is exercised under this Clause 17.4 in respect of a breach of Clause 17.2(b), (c) or (d) (Financial ratios) and the next Ratio Period ends approximately three months after the Ratio Period in respect of which the cure was made, EBITDA in respect of that next Ratio Period will be deemed, for the purposes of Clause 17.2(b), (c) and (d) (Financial ratios), to be increased by the amount determined under sub-paragraph (a)(ii) above in respect of the relevant cure. This deemed increase will not be treated as a separate cure.

17.5 Determinations

- (a) Any amount outstanding in a currency other than euros is to be taken into account at its euro equivalent calculated at the rate used in the latest accounts delivered to the Facility Agent.
- (b) All the terms used above are to be calculated in accordance with the GAAP on which the preparation of the Original Borrower Group Financial Statements was based.
- (c) If there is a dispute as to any interpretation of or computation for Clause 17.1 (Financial definitions), the interpretation or computation of the auditors of UPC Broadband shall prevail.
- (d) If UPC Broadband is obliged or chooses to prepare its financial statements on a different basis from the basis used in the preparation of the Original Borrower Group Financial Statements, such financial statements shall be accompanied by a statement (providing reasonable detail) from UPC Broadband either:
 - (i) confirming that the change(s) would have no effect on the operation of the ratios set out in Clause 17.2 (Financial ratios); or
 - (ii) unless otherwise agreed in writing by the Facility Agent (acting upon the instructions of the Majority Lenders), if the change(s) would have such an effect, containing a reconciliation demonstrating the effect of the change(s) (and, for the purpose of calculating the ratios set out in Clause 17.2 (Financial ratios), such financial statements will be treated as though adjusted by that reconciliation so as to exclude the effect of the changes).

18. DEFAULT

18.1 Events of Default

Each of the events set out in Clauses 18.2 (Non-payment) to 18.21 (KTA Network Agreement Enforcement) is an Event of Default (whether or not caused by any reason whatsoever outside the control of any Obligor or any other person).

18.2 Non-payment

An Obligor does not pay on the due date any amount payable by it under the Finance Documents (other than any amount payable by UPC Broadband under Clause 7.6(c) (Prepayment from disposal proceeds) of this Agreement) at the place at, and in the currency in, which it is expressed to be payable, unless the relevant amount is paid in full within one Business Day (in the case of principal amounts) or three Business Days (in the case of other amounts) of the due date.

18.3 Breach of other obligations

- (a) An Obligor does not comply with any of Clauses 16.6 (Pari passu ranking), 16.7 (Negative pledge), 16.10 (Disposals), 16.11 (Acquisitions and mergers), 16.13 (Restricted Payments), 16.14 (Loans and guarantees), 16.19 (Share capital) or 17 (Financial Covenants).

- (b) An Obligor does not comply with any provision of the Finance Documents (other than those referred to in paragraph (a) above or in Clause 18.2 (Non-payment) and other than non-payment by UPC Broadband of any amount under Clause 7.6(c) (Prepayment from disposal proceeds) of this Agreement) and such failure (if capable of remedy before the expiry of such period) continues unremedied for a period of 28 days from the earlier of the date on which (i) such Obligor has become aware of the failure to comply or (ii) the Facility Agent gives notice to UPC Broadband requiring the same to be remedied.

18.4 Misrepresentation

A representation or warranty made or repeated by any Obligor in or in connection with any Finance Document or in any certificate or statement delivered by or on behalf of any Obligor under or in connection with any Finance Document (other than the representation in Clause 15.25 (Dutch Banking Act) or 26.2(k) (Transfers by Lenders)) is incorrect in any material respect when made or deemed to have been made or repeated and, in the event that any representation or warranty is capable of remedy, the misrepresentation is not remedied within 28 days of the earlier of the date on which (i) such Obligor has become aware of the misrepresentation or (ii) the Facility Agent gives notice to UPC Broadband requiring the same to be remedied.

18.5 Cross default

- (a) Subject to paragraph (d) below, any Financial Indebtedness of a member of the Borrower Group or a member of the UGCE Borrower Group is not paid when due or within any originally applicable grace period.
- (b) Subject to paragraph (d) below, any Financial Indebtedness of a member of the Borrower Group or a member of the UGCE Borrower Group becomes prematurely due and payable or is placed on demand, in each case as a result of an event of default (howsoever described) under the document relating to that Financial Indebtedness.
- (c) Subject to paragraph (d) below, any Financial Indebtedness of a member of the Borrower Group or a member of the UGCE Borrower Group becomes capable of being declared prematurely due and payable or placed on demand, in each case as a result of an event of default (howsoever described) under the document relating to that Financial Indebtedness.
- (d) It shall not be an Event of Default under:
 - (i) this Clause 18.5 where the aggregate principal amount of all Financial Indebtedness to which any event specified in paragraphs (a), (b) or (c) relates is less than €15,000,000 (in the case of the Borrower Group) or €50,000,000 (in the case of any member of the UGCE Borrower Group) or, as the case may be, the equivalent in other currencies;
 - (ii) this Clause 18.5 in respect of Financial Indebtedness owing by a member of the Borrower Group to another member of the Borrower Group which is permitted under this Agreement; and
 - (iii) paragraph (c) above, in the case of the Acquisition of an entity which results in that entity becoming a member of the Borrower Group, for a period of 180 days following completion of that Acquisition, by reason only of an event of default (however described) arising in relation to the Financial Indebtedness of that acquired entity as a result only of the Acquisition of that acquired entity, provided that such Financial Indebtedness is not placed on demand, becomes prematurely due and payable or is otherwise accelerated during that period).
- (e) Any Financial Indebtedness of a member of the Borrower Group under an Existing Finance Document becomes capable of being due and payable or placed on demand, in each case as a result of an Event of Default as defined under the relevant Existing Finance Document.

18.6 Insolvency

- (a) **The Netherlands:** any Obligor, any Material Subsidiary or member of the UGCE Borrower Group organised in The Netherlands is declared bankrupt (*in staat van faillissement verklaard*) or enters into a preliminary or definitive moratorium (*in voorlopige of definitieve surseance van betaling gaan*) pursuant to the Dutch Bankruptcy Act (*Faillissementswet*); or
- (b) **General:** any of the following occurs in respect of an Obligor, any Material Subsidiary or any member of the UGCE Borrower Group:
- (i) it is, or is deemed for the purposes of any law to be, unable to pay its debts as they fall due or insolvent;
 - (ii) it admits its inability to pay its debts as they fall due;
 - (iii) it suspends making payments on any of its debts or announces an intention to do so; or
 - (iv) a moratorium is declared in respect of any of its indebtedness.

If a moratorium occurs in respect of any Obligor, any Material Subsidiary or any member of the UGCE Borrower Group, the ending of the moratorium will not remedy any Event of Default caused by the moratorium.

- (c) **United States of America:** any Obligor, any Material Subsidiary or any member of the UGCE Borrower Group which is a partnership, or a partner of any partnership, formed under the laws of the states of Colorado or Delaware, United States or which is incorporated under the laws of a State of the United States or that resides or has a domicile, a place of business or property in the United States (each a U.S. Obligor):
- (i) admit in writing its inability to, or be generally unable to, pay its debts as such debts become due;
 - (ii) makes a general assignment for the benefit of creditors;
 - (iii) shall have had appointed a receiver, a custodian, trustee or similar official for, or a receiver, custodian, trustee or similar official shall have taken possession of, all or substantially all of its assets, in proceedings brought by or against such Obligor or Material Subsidiary, and such appointment shall not have been discharged or such possession shall not have been terminated within 60 days after the effective date thereof or such Obligor or Material Subsidiary shall have consented to or acquiesced in such appointment or possession;
 - (iv) shall have filed a petition for relief under the insolvency, bankruptcy or similar laws of the United States of America or any state thereof, or an involuntary petition for such relief shall have been filed against any such Obligor or Material Subsidiary under such laws and shall not have been dismissed or terminated within 60 days after such involuntary petition is filed; or
 - (v) shall have failed to have discharged or obtained a stay of any proceeding to enforce, within a period of 45 days after the commencement thereof, any attachment, sequestration or similar proceeding asserted against all or substantially all of the assets of such Obligor or Material Subsidiary,
 - (vi) in each case other than in connection with the solvent liquidation of UPC Polska following the transfer of its assets to Polska Holdco.

18.7 Insolvency proceedings

- (a) Any formal voluntary step commencing legal proceedings (including petition or convening a meeting) is taken by any Obligor, any Material Subsidiary or any member of the UGCE Borrower Group with a view to a moratorium or a composition, assignment or arrangement with any class of

creditors of any Obligor, any Material Subsidiary or any member of the UGCE Borrower Group; or

- (b) a meeting of any Obligor, any Material Subsidiary or any member of the UGCE Borrower Group is convened by its shareholders, directors, managing partner (in the case of UPC Financing), secretary or other officers for the purpose of considering any resolution for, to petition for or to file documents with a court for its winding-up, dissolution or for its administration, suspension of payments, composition or bankruptcy or any such resolution is passed; or
- (c) any person presents a petition or files documents, with the appropriate legal authorities, for the winding-up or for the administration or for the bankruptcy of any Obligor, any Material Subsidiary or any member of the UGCE Borrower Group and the petition is not discharged or stayed within 45 days (or, in the case of a US Obligor, 60 days); or
- (d) an order for the winding-up or administration of any Obligor, any Material Subsidiary or any member of the UGCE Borrower Group is made,

in each case other than in connection with a reconstruction or amalgamation on terms approved by the Facility Agent (acting on the instructions of the Majority Lenders) or in connection with the solvent liquidation of UPC Polska following the transfer of its assets to Polska Holdco.

18.8 Appointment of receivers and managers

- (a) Any liquidator, trustee-in-bankruptcy, preliminary trustee, composition trustee, judicial custodian, compulsory manager, receiver, administrative receiver or administrator is appointed in respect of any Obligor, any Material Subsidiary or any member of the UGCE Borrower Group or any part of its assets which is material in the context of the Borrower Group (taken as a whole) and, only in the case of the appointment of a judicial custodian, compulsory manager or receiver, is not discharged within 45 days (or, in the case of a US Obligor, 60 days); or
- (b) the directors, shareholders or other officers of any Obligor, any Material Subsidiary or any member of the UGCE Borrower Group request the appointment of, or give notice of their intention to appoint, a liquidator, trustee in bankruptcy, preliminary trustee, composition trustee, judicial custodian, compulsory manager, receiver, administrative receiver or administrator,

in each case other than in connection with a reconstruction or amalgamation on terms approved by the Facility Agent (acting on the instructions of the Majority Lenders).

18.9 Creditors' process

A distress, execution, attachment or other legal process is levied, enforced or sued out upon or against all or any part of the assets of any Obligor, any Material Subsidiary or any member of the UGCE Borrower Group which is material in the context of the Borrower Group (taken as a whole), except where the same is being contested in good faith or is removed, discharged or paid within 45 days (or, in the case of a US Obligor, 60 days).

18.10 Similar proceedings

Anything which has an equivalent effect to any of the events specified in Clauses 18.6 (Insolvency) to 18.9 (Creditors' process) (inclusive) shall occur under the laws of any applicable jurisdiction in relation to any Obligor, any Material Subsidiary or any member of the UGCE Borrower Group.

18.11 Unlawfulness

It is or becomes unlawful for any Obligor or Subordinated Creditor to perform any of its payments or other material obligations under the Finance Documents to which it is a party.

18.12 Repudiation

Any Obligor or Subordinated Creditor repudiates, or evidences an intention to repudiate, any Finance Document to which it is a party.

18.13 Cessation of Distribution Business

The Borrower Group (taken as a whole) ceases to carry on all or substantially all of its Distribution Business.

18.14 Seizure

All or a material part of the undertakings, assets, rights or revenues of, or shares or other ownership interests in, UGCE Inc., UPC Broadband Holdco or the Borrower Group (taken as a whole but excluding any undertaking, assets, rights or revenues which do not form part of the Distribution Business) are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government.

18.15 Environmental Matters

As a result of any Environmental Law any of the Finance Parties becomes subject to a material obligation (actual or contingent and, in the case of any contingent obligation, being one which, at the relevant time, would be likely to arise) directly as a result of it entering into any of the Finance Documents which was not caused by its negligence or wilful default.

18.16 Breach of Security Deed and Intercreditor Agreement

- (a) A Subordinated Creditor fails to comply with any of its obligations under the Security Deed or the Pledge of Subordinated Shareholder Loans to which it is party and such failure (if capable of remedy before the expiry of such period) continues unremedied for a period of 28 days from the earlier of the date on which (i) UPC or UPC Broadband has become aware of the failure to comply or (ii) the Facility Agent gives notice to the relevant Subordinated Creditor and UPC Broadband requiring the same to be remedied.
- (b) Any representation or warranty made by a Subordinated Creditor under the Security Deed or the Pledge of Subordinated Shareholder Loans is incorrect in any material aspect when made or repeated and, in the event that any representation or warranty is capable of remedy, the misrepresentation is not remedied within 28 days of the earlier of the date on which (i) such Obligor has become aware of the misrepresentation or (ii) the Facility Agent gives notice to that Subordinated Creditor requiring the same to be remedied.
- (c) Any representation or warranty made by a Finance Party (as defined in the Existing Facility Agreement) is incorrect in any material respect when made or repeated.

18.17 Loss of Licences

Any Licence is in whole or part:

- (a) terminated, suspended or revoked or does not remain in full force and effect or otherwise expires and is not renewed prior to its expiry (in each case, without replacement by Licence(s) having substantially equivalent effect) in any case in a manner which would or is reasonably likely to have a Material Adverse Effect; or
- (b) is modified or is breached in a manner which would or is reasonably likely to have a Material Adverse Effect.

18.18 Material Contracts

- (a) Except as is required by any term of this Agreement, any Material Contract to which a member of the Borrower Group is a party is terminated, suspended, revoked or cancelled or otherwise ceases to be in full force and effect, unless:
 - (i) in the case of an Interconnect Agreement only, services of a similar nature to those provided pursuant to such Material Contract are at all times provided to the Borrower Group on terms which are not materially more onerous on the relevant member of the Borrower Group or on the terms imposed by the mandatory requirements of any regulatory body; or
 - (ii) such termination, suspension, revocation, cancellation or cessation (in the reasonable opinion of the Facility Agent) would not or is not reasonably likely to have a Material Adverse Effect.
- (b) Any alteration or variation is made to any term of any Material Contract to which a member of the Borrower Group is a party which individually or cumulatively (in the reasonable opinion of the Facility Agent) would or is reasonably likely to have a Material Adverse Effect.
- (c) Any party breaches any term of or repudiates any of its obligations under any Material Contract to which a member of the Borrower Group is a party where such breach or repudiation (in the opinion of the Facility Agent exercised reasonably) would or is reasonably likely to have a Material Adverse Effect unless, in the case of a breach of a Material Contract by any person other than any member of the Borrower Group, the relevant services are at all relevant times provided to the appropriate members of the Borrower Group on the basis set out in (a) above.

18.19 Material Adverse Change

Any event or series of events occurs which would or is reasonably likely to have a Material Adverse Effect.

18.20 ERISA

The occurrence of:

- (a) any event or condition that presents a material risk that any member of the Borrower Group or any ERISA Affiliate may incur a material liability to a Plan or to the United States Internal Revenue Service or to the United States Pension Benefit Guaranty Corporation; or
- (b) an "accumulated funding deficiency" (as that term is defined in section 412 of the United States Internal Revenue Code of 1986, as amended, or section 302 of ERISA), whether or not waived, by reason of the failure of any member of the Borrower Group or any ERISA Affiliate to make a contribution to a Plan.

18.21 KTA Network Agreement Enforcement

Valid and enforceable KTA Security Agreements (as defined in Clause 7.6(c) (Prepayment from disposal proceeds)) have not been entered into and:

- (a) KTA becomes obliged to pay the penalty to the Municipality of Amsterdam on the basis of section 19 of the network agreement between KTA and the Municipality of Amsterdam dated 6th July, 1995 and as amended on 22nd June, 1999 (the **Network Agreement**); or
- (b) the Municipality of Amsterdam, as mortgagee or pledgee, has factually taken steps to enforce, by way of execution, its pledge or mortgage under the Network Agreement, other than on the basis of the situation described under (a), except where such enforcement is being contested in good faith or is removed or discharged within 45 days.

18.22 Acceleration

On and at any time after the occurrence of an Event of Default while such event is continuing the Facility Agent may, and if so directed by the Majority Lenders will, by notice to UPC Broadband declare that an Event of Default has occurred and:

- (a) cancel the Total Commitments; and/or
- (b) declare that all the Advances be payable on demand, whereupon they shall immediately become payable on demand by the Facility Agent on the instructions of the Majority Lenders; and/or
- (c) demand that all the Advances be immediately due and payable, whereupon they shall become immediately due and payable together with all interest accrued on those Advances and all other amounts payable by the Obligor under the Finance Documents.

18.23 Automatic Acceleration

If an Event of Default described in Clause 18.6(c)(ii), (iii) or (iv) (United States of America) occurs, or upon the entry of an order for relief in a voluntary or involuntary bankruptcy of a US Borrower, all outstanding Advances drawn by a US Borrower under this Agreement will be immediately and automatically due and payable and the Total Commitments (to the extent they relate to such Advances) will, if not already cancelled under this Agreement, be immediately and automatically cancelled.

19. FACILITY AGENT, SECURITY AGENT AND LENDERS

19.1 Appointment and duties of the Agents

- (a) Each Lender irrevocably appoints each Agent to act as its agent under and in connection with the Finance Documents.

- (b) Each Finance Party appointing each Agent irrevocably authorises each Agent on its behalf to:
 - (i) perform the duties and to exercise the rights, powers and discretions that are specifically delegated to it under or in connection with the Finance Documents, together with any other incidental rights, powers and discretions; and
 - (ii) execute each Finance Document expressed to be executed by the Facility Agent on that Finance Party's behalf.
- (c) Each Agent shall have only those duties which are expressly specified in this Agreement. Those duties are solely of a mechanical and administrative nature.

19.2 Relationship

The relationship between each Agent and the other Finance Parties is that of agent and principal only. Nothing in this Agreement constitutes either Agent as trustee or fiduciary for any other Party or any other person and neither Agent need hold in trust any moneys paid to it for a Party save as provided in the Finance Documents or be liable to account for interest on those moneys.

19.3 Majority Lenders' directions

- (a) Each Agent will be fully protected if it acts in accordance with the instructions of the Majority Lenders in connection with the exercise of any right, power or discretion or any matter not expressly provided for in the Finance Documents. Any such instructions given by the Majority Lenders will be binding on all the Lenders. In the absence of such instructions each Agent may act as it considers to be in the best interests of all the Lenders.
- (b) No Agent is authorised to act on behalf of a Lender (without first obtaining that Lender's consent) in any legal or arbitration proceedings relating to any Finance Document.

19.4 Delegation

Each Agent may act under the Finance Documents through its personnel and agents.

19.5 Responsibility for documentation

Neither Agent is responsible to any other Party for:

- (a) the execution, genuineness, validity, enforceability or sufficiency of any Finance Document or any other document by any other Party;
- (b) the collectability of amounts payable under any Finance Document;
- (c) the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document by any other Party; or
- (d) the integrity or security of any Finance Document or other document or information posted or distributed electronically on any intranet based system (or similar) in connection with the preparation, negotiation and execution of the Finance Documents or the administration of the Facilities.

19.6 Default

- (a) Neither Agent is obliged to monitor or enquire as to whether or not a Default has occurred. Neither Agent will be deemed to have knowledge of the occurrence of a Default. However, if an Agent receives notice from a Party referring to this Agreement, describing the Default and stating that the event is a Default, it shall promptly notify the Lenders of such notice.
- (b) Each Agent may require the receipt of security satisfactory to it whether by way of payment in advance or otherwise, against any liability or loss which it will or may incur in taking any

proceedings or action arising out of or in connection with any Finance Document before it commences these proceedings or takes that action.

19.7 Exoneration

- (a) Without limiting paragraph (b) below, neither Agent will be liable for any action taken or not taken by it under or in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct.
- (b) No Party may take any proceedings against any officer, employee or agent of either Agent in respect of any claim it might have against that Agent or in respect of any act or omission of any kind (including negligence or wilful misconduct) by that officer, employee or agent in relation to any Finance Document.
- (c) Any officer, employee or agent of either Agent may rely on this Clause 19.7 and enforce its terms under the Contracts (Rights of Third Parties) Act 1999.

19.8 Reliance

Each Agent may:

- (a) rely on any notice or document believed by it to be genuine and correct and to have been signed by, or with the authority of, the proper person;
- (b) rely on any statement made by a director or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify; and
- (c) engage, pay for and rely on legal or other professional advisers selected by it (including those in the Facility Agent's employment and those representing a Party other than the Facility Agent).

19.9 Credit approval and appraisal

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Finance Document, each Lender confirms that it:

- (a) has made its own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by either Agent in connection with any Finance Document; and
- (b) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities while any amount is or may be outstanding under the Finance Documents or any Commitment is in force.

19.10 Information

- (a) Each Agent shall promptly forward to the person concerned the original or a copy of any document which is delivered to that Agent by a Party for that person.
- (b) Except where this Agreement specifically provides otherwise, neither Agent is obliged to review or check the accuracy or completeness of any document it forwards to another Party.
- (c) Except as provided above, neither Agent has a duty:
 - (i) either initially or on a continuing basis to provide any Lender with any credit or other information concerning the financial condition or affairs of any Obligor or any related entity of any Obligor whether coming into its possession or that of any of its related entities before, on or after the Signing Date; or

- (ii) unless specifically requested to do so by a Lender in accordance with this Agreement, to request any certificates or other documents from any Obligor.

19.11 Each Agent individually

- (a) If it is also a Lender, each of the Facility Agent and the Security Agent has the same rights and powers under this Agreement as any other Lender and may exercise those rights and powers as though it were not the Facility Agent or Security Agent (as applicable).
- (b) Each of the Agents may:
 - (i) carry on any business with an Obligor or its related entities;
 - (ii) act as agent or trustee for, or in relation to any financing involving, an Obligor or its related entities; and
 - (iii) retain any profits or remuneration in connection with its activities under the Finance Documents, or in relation to any of the foregoing.

19.12 Indemnities

Each Lender shall indemnify each Agent, within three Business Days of demand, against any cost, loss or liability incurred by the relevant Agent (otherwise than by reason of the relevant Agent's gross negligence or wilful misconduct) in acting as Agent under the Finance Documents (unless the relevant Agent has been reimbursed by an Obligor pursuant to a Finance Document). Such indemnification shall be pro rata to its Commitments (and for the purposes of calculating this proportion, the amount of the Total Additional Facility Commitments and each Lender's Additional Facility Commitments shall be converted to euros at the Agent's Spot Rate of Exchange on the date of the relevant calculation).

19.13 Compliance

- (a) Each Agent may refrain from doing anything which might, in its reasonable opinion, constitute a breach of any law or regulation or be otherwise actionable at the suit of any person, and may do anything which, in its reasonable opinion, is necessary or desirable to comply with any law or regulation of any jurisdiction.
- (b) Without limiting paragraph (a) above, neither Agent need disclose any information relating to any Obligor or any of its related entities if the disclosure might, in the opinion of the relevant Agent, constitute a breach of any law or regulation or any duty of secrecy or confidentiality or be otherwise actionable at the suit of any person.

19.14 Resignation of Agents

- (a) Notwithstanding its irrevocable appointment (but subject to paragraphs (f) and (g) below), each Agent may resign by giving notice to the Lenders and UPC Broadband, in which case the relevant Agent may, following consultation with and with the consent of UPC Broadband (not to be unreasonably withheld or delayed) forthwith appoint one of its Affiliates as successor Agent or, failing that, the Majority Lenders may with the consent of UPC Broadband (not to be unreasonably withheld or delayed) appoint a reputable and experienced bank as successor Agent. The resignation of the Security Agent is subject to compliance with clause 9.1 (Retirement of Security Agent) of the Security Deed.
- (b) If the appointment of a successor Agent is to be made by the Majority Lenders but they have not, within 30 days after notice of resignation, appointed a successor Agent which accepts the appointment, the retiring Agent may, following consultation with and with the consent of UPC Broadband (not to be unreasonably withheld or delayed), appoint a successor Agent.

- (c) The resignation of the retiring Agent and the appointment of any successor Agent will both become effective only upon the successor Agent notifying all the Parties that it accepts the appointment. On giving the notification and receiving such approval, the successor Agent will succeed to the position of the retiring Facility Agent and the term **Facility Agent** or **Security Agent** (as the case may be) will mean the successor Facility Agent or Security Agent, respectively.
- (d) The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as the Agent under this Agreement.
- (e) Upon its resignation becoming effective, this Clause 19 shall continue to benefit the retiring Agent in respect of any action taken or not taken by it under or in connection with the Finance Documents while it was the relevant Agent and, subject to paragraph (d) above, it shall have no further obligation under any Finance Document.
- (f) The Majority Lenders may by notice to an Agent require it to resign in accordance with paragraph (a) above. In this event, the relevant Agent shall resign in accordance with paragraph (a) above but it shall not be entitled to appoint one of its Affiliates as successor Agent.
- (g) UPC Broadband may, if it is unsatisfied (acting reasonably) with the performance by an Agent of its role as Agent, following a period of consultation with the relevant Agent of not less than 14 days, by notice to that Agent require it to resign in accordance with paragraph (a) above. Such notice must specify the reasons for which UPC Broadband is seeking the Agent's resignation, which must be based on reasonable grounds. In this event, the relevant Agent shall resign in accordance with paragraph (a) above but it shall not be entitled to appoint one of its Affiliates as successor Agent.

19.15 Lenders

- (a) Each Agent may treat each Lender as a Lender, entitled to payments under this Agreement and as acting through its Facility Office(s) until it has received notice from the Lender to the contrary by not less than five Business Days prior to the relevant payment.
- (b) Each Lender, on the date on which it becomes a party to this Agreement, represents to the Facility Agent that its Facility D1 Commitment, Facility D2 Commitment, Facility D3 Commitment, Facility D4 Commitment, Facility D5 Commitment is no more than the amount scheduled to be repaid to it under Facility B (either as a Facility B Lender under the Existing Facility or as the holder of a sub-participation interest in respect of Facility B (including without limitation under a corresponding Relevant Facility B Sub-participation Agreement) or a combination of the foregoing) on the relevant Utilisation Date, and shall forthwith notify the Facility Agent if this representation ceases to be correct.
- (c) Each Lender, on the date on which it becomes a party to this Agreement (if it is a requirement of Dutch law that such Lender is a Professional Market Party) represents to the Finance Parties and UPC Broadband that it is a Professional Market Party. Such Lender acknowledges that the Finance Parties and UPC Broadband have relied upon such representation.

19.16 Separate divisions

In acting as an Agent, the agency division of each of the Agents shall be treated as a separate entity from its other divisions and departments. Any information acquired at any time by either Agent otherwise than in the capacity of Agent through its agency division (whether as financial adviser to any member of the Borrower Group or otherwise) may be treated as confidential by the relevant Agent and shall not be deemed to be information possessed by the relevant Agent in its capacity as such. Each Finance Party acknowledges that each Agent may, now or in the future, be in possession of, or provided with, information relating to the Obligors which has not or will not

be provided to the other Finance Parties. Each Finance Party agrees that, except as expressly provided in this Agreement, neither Agent will be under any obligation to provide, or be under any liability for failure to provide, any such information to the other Finance Parties.

20. FEES

20.1 Commitment fee

- (a) Subject to paragraph (c) below UPC Broadband shall pay to the Facility Agent for distribution to each Facility D Lender pro rata to the proportion that the relevant Lender's Facility D1 Commitment, Facility D2 Commitment, Facility D3 Commitment, Facility D4 Commitment or Facility D5 Commitment bears to the Total Facility D1 Commitments, Total Facility D2 Commitments, Total Facility D3 Commitments, Total Facility D4 Commitments or Total Facility D5 Commitments respectively from time to time a commitment fee (subject to paragraph (c) below) computed at the rate of the difference between (i) 5.50 per cent. per annum and (ii) the Margin payable under Facility B on any undrawn, uncanceled amount of the Total Facility D1 Commitment, Total Facility D2 Commitments, Total Facility D3 Commitments, Total Facility D4 Commitments and Total Facility D5 Commitments.
- (b) Subject to paragraph (c) below, if specified in the relevant Additional Facility Accession Agreement, UPC Broadband shall pay to the Facility Agent for distribution to each Additional Facility Lender pro rata to the proportion that the relevant Lender's Additional Facility Commitment bears to the Total Additional Facility Commitments from time to time a commitment fee (subject to paragraph (d) below) computed at the rate specified in the Additional Facility Accession Agreement on any undrawn uncanceled amount of Total Additional Facility Commitments such rate shall not exceed the rate applicable to the commitment fee in relation to Facility D or if Facility D has been cancelled, the commitment fee applicable to Facility D immediately prior to such cancellation.
- (c) Commitment fee is calculated and accrues on a daily basis (i) in the case of the commitment fee under paragraph (a) above only on and from the Effective Date and is payable quarterly in arrear from the Effective Date and on the relevant Utilisation Date and (ii) in the case of the commitment fee in paragraph (b) above only on the date of the relevant Additional Facility Accession Agreement and payable quarterly in arrear from the date of the relevant Additional Facility Accession Agreement and on the relevant Utilisation Date. Accrued commitment fee is also payable to the Facility Agent for the relevant Lender(s) on the cancelled amount of its (their) Facility D1 Commitment, Facility D2 Commitment, Facility D3 Commitment, Facility D4 Commitment Facility D5 Commitment or Additional Facility Commitments, as the case may be, at the time the cancellation takes effect (but only in respect of the period up to the date of cancellation).
- (d) Commitment fee is payable in euros in respect of Facility D and in euros or US Dollars, as applicable, in respect of any Additional Facility.

20.2 Agent's fees

UPC Broadband shall pay to the Facility Agent and the Security Agent for their own account an agency fee in the amounts and on the dates agreed in the relevant Fee Letter.

20.3 Lenders' Fees

- (a) UPC Broadband shall pay to the Facility Agent for distribution to each Lender pro rata to the proportion that the relevant Lender's Facility D1 Commitment, Facility D2 Commitment, Facility D3 Commitment, Facility D4 Commitment or Facility D5 Commitment bears to the Total Facility

D1 Commitments, Total Facility D2 Commitments, Total Facility D3 Commitments, Total Facility D4 Commitments or Total Facility D5 Commitments:

- (i) a fee computed at the rate of 0.75 per cent. on the amount of the Total Facility D1 Commitments, Total Facility D2 Commitments, Total Facility D3 Commitments, Total Facility D4 Commitments and Total Facility D5 Commitments on the Effective Date; and
- (ii) subject to paragraph (b) below, a fee computed at the rate of 1.75 per cent. on the amount of the Total Facility D1 Commitments, Total Facility D2 Commitments, Total Facility D3 Commitments, Total Facility D4 Commitments and Total Facility D5 Commitments on 30th December, 2004.

- (b) The fee payable under Clause 20.3(a)(i) shall be payable by UPC Broadband within five Business Days of the Effective Date. The fee payable under Clause 20.3(a)(ii) above shall be payable by UPC Broadband within five Business Days of 31st December, 2004, provided that such fee shall not be payable if, on or before 30th December, 2004:

- (i) UPC Broadband has permanently prepaid and cancelled at least €750,000,000 of the Existing Facility; or
- (ii) the ratio of Senior Debt to Annualised EBITDA for the most recent Ratio Period (as defined in Clause 17.1 (Financial definitions)) is 4:1 or less.

For the purposes of this Clause:

Annualised EBITDA means in respect of any Ratio Period, two times EBITDA of the Borrower Group based for that Ratio Period adjusted to take into account any Acquisitions or disposals made after the relevant Ratio Period but before the delivery of the relevant compliance certificate in respect of that Ratio Period under Clause 16.2(d) (Financial information).

Senior Debt has the meaning given to it in Clause 17.1 (Financial definitions) and shall be calculated as at 30th December, 2004.

20.4 VAT

Any fee referred to in this Clause 20 (Fees) is exclusive of any applicable value added tax. If any value added tax is so chargeable and is invoiced, it shall be paid by UPC Broadband at the same time as it pays the relevant fee. Where appropriate, the relevant Finance Party will supply a VAT invoice in respect of such fees.

21. EXPENSES

21.1 Transaction Expenses

UPC Broadband shall within ten Business Days of demand pay TD Bank Europe Limited the amount of all costs and expenses (including legal fees) reasonably incurred by any of them in connection with the negotiation, preparation, printing, execution and perfection of:

- (a) this Agreement and any other documents referred to in this Agreement; and
- (b) any other Finance Document executed after the date of this Agreement.

21.2 Amendment Costs

If:

- (a) an Obligor requests an amendment, waiver or consent under or in connection with any Finance Document;
- (b) an amendment is required under Clause 25.3 (Change of Currency),

UPC Broadband shall, within ten Business Days of demand, reimburse the Facility Agent or, as the case may be, the Security Agent, for the amount of all costs and expenses (including legal fees) reasonably incurred by the Facility Agent or, as the case may be, the Security Agent in responding to, evaluating, negotiating or complying with that request or requirement.

21.3 Enforcement Costs

UPC Broadband shall, within ten Business Days of demand, pay to the Facility Agent on behalf of each Finance Party the amount of all costs and expenses (including legal fees) incurred by that Finance Party in connection with the enforcement of, or the preservation of any rights under, any Finance Document.

22. STAMP DUTIES

UPC Broadband shall pay and, within ten Business Days of demand, indemnify each Finance Party against any cost, loss or liability which that Finance Party incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document (other than those imposed by reason of any assignment or novation by any Finance Party).

23. INDEMNITIES

23.1 Currency indemnity

- (a) If any sum due from an Obligor under the Finance Documents (a **Sum**), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the **First Currency**) in which that Sum is payable into another currency (the **Second Currency**) for the purpose of:

- (i) making or filing a claim or proof against that Obligor;
- (ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

that Obligor shall as an independent obligation, within ten Business Days of demand, indemnify each Finance Party to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

- (b) Each Obligor waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

23.2 Other indemnities

UPC Broadband shall (or shall procure that an Obligor will), within ten Business Days of demand, indemnify each Lender against any cost, loss or liability incurred by that Lender as a result of:

- (a) the occurrence of any Event of Default;
- (b) a failure by an Obligor to pay any amount due under a Finance Document on its due date, including without limitation, any cost, loss or liability arising as a result of Clause 29 (Pro Rata Sharing);
- (c) funding, or making arrangements to fund, its participation in an Advance requested by a Borrower in a Request but not made by reason of the operation of any one or more of the

provisions of this Agreement (other than by reason of default or negligence by that Lender alone); or

- (d) an Advance (or part of an Advance) not being prepaid in accordance with a notice of prepayment given by a Borrower;
- (e) any representation made by UPC Broadband under Clause 15.25 (Dutch Banking Act) or Clause 26.2 (Transfers by Lenders) being incorrect when made or deemed to be made. UPC Broadband shall not be liable under this paragraph (e) to any Lender which makes a representation which is untrue in relation to its status as a Professional Market Party or its status as part of a closed circle (*besloten kring*).

23.3 Indemnity to the Facility Agent

UPC Broadband shall, within ten Business Days of demand, indemnify the Facility Agent against any cost, loss or liability incurred by the Facility Agent (acting reasonably) as a result of:

- (a) investigating any event which it reasonably believes is a Default; or
- (b) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised.

23.4 Break Costs

- (a) UPC Broadband shall, within ten Business Days of demand by a Finance Party, pay to that Finance Party its Break Costs attributable to all or any part of an Advance or Unpaid Sum being paid by that Borrower on a day other than the last day of an Interest Period for that Advance or Unpaid Sum.
- (b) Each Lender shall, as soon as reasonably practicable after a demand by the Facility Agent, provide a certificate (which shall be provided to UPC Broadband) confirming the amount of its Break Costs for any Interest Period in which they accrue.

24. EVIDENCE AND CALCULATIONS

24.1 Accounts

Accounts maintained by a Finance Party in connection with this Agreement are *prima facie* evidence of the matters to which they relate.

24.2 Certificates and determinations

Any certification or determination by a Finance Party of a rate or amount payable under this Agreement or otherwise expressed to be determined by a Finance Party is, in the absence of manifest error, *prima facie* evidence of the matters to which it relates.

24.3 Calculations

The interest and the fees payable under Clause 20.1 (Commitment fee) accrue from day to day and are calculated on the basis of the actual number of days elapsed and a year of 360 days or, where practice in the London inter-bank market, in the case of non-euro amounts, or the European interbank market, in the case of euro amounts, otherwise dictates, 365 days.

25. AMENDMENTS AND WAIVERS

25.1 Required consents

- (a) Subject to Clause 25.2 (Exceptions) any term of the Finance Documents may be amended or waived only with the consent of the Majority Lenders and UPC Broadband and any such amendment or waiver will be binding on all Parties.
- (b) The Facility Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause 25.

25.2 Exceptions

- (a) An amendment or waiver that has the effect of changing or which relates to:
 - (i) the definitions of "Majority Lenders" in Clause 1.1 (Definitions);
 - (ii) an extension to the date of payment of any amount of principal, interest or commitment fees under this Agreement or the Security Documents or the deferral of a Utilisation Date in respect of a Facility D or the extension of an Additional Facility Availability Period;
 - (iii) a reduction in the Margin or the amount of any payment of principal, interest, fees or commission payable under this Agreement or the Security Documents;
 - (iv) an increase in a Lender's Facility D1 Commitment, Facility D2 Commitment, Facility D3 Commitment, Facility D4 Commitment, Facility D5 Commitment or Additional Facility Commitment;
 - (v) an assignment, transfer, novation or other disposal of any of, or any interest in, an Obligor's rights and/or obligations under this Agreement other than in accordance with Clause 26 (Changes to the Parties);
 - (vi) any provision which expressly requires the consent of all the Lenders;
 - (vii) Clause 2.5 (Nature of a Finance Party's rights and obligations), Clause 26.2 (Transfers by Lenders) or this Clause 25;
 - (viii) a release of the guarantee under Clause 14 (Guarantee) other than in accordance with Clause 26 (Changes to the Parties);
 - (ix) the selection of an Interest Period exceeding six months; or
 - (x) the release of an asset from a Security Document (except as otherwise expressly permitted herein or in any such Security Document and except in furtherance of a disposal or any other transaction which is permitted by any Finance Document),

shall not be made without the prior consent of all the Lenders.

- (b) An amendment or waiver which relates to the rights or obligations of the Facility Agent may not be effected without the consent of the Facility Agent.
- (c) The Facility Agent may agree with UPC Broadband any amendment to or the modification of the provisions of any of the Finance Documents or any Schedule thereto, which is necessary to correct a manifest error.
- (d) If authorised by the Majority Lenders, the Security Agent may, subject to paragraph (a) above, grant any waiver or consent in relation to, or variation of the material provisions of, any Security Document.

25.3 Change of Currency

- (a) If more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:
 - (i) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Agent; and
 - (ii) any translation from one currency or currency unit to another shall be at the official conversion rate recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Agent acting reasonably.
- (b) If a change in any currency of a country occurs, this Agreement will be amended to the extent the Agent specifies to be necessary to reflect the change in currency and to put the Banks in the same position, so far as possible, that they would have been in if no change in currency had occurred.

25.4 Waivers and remedies cumulative

The rights of each Party under the Finance Documents:

- (a) may be exercised as often as necessary, subject to the terms of the relevant Finance Documents;
- (b) are cumulative and not exclusive of its rights under the general law; and
- (c) may be waived only in writing and specifically.

Delay in the exercise or non-exercise of any such right is not a waiver of that right.

26. CHANGES TO THE PARTIES

26.1 Transfers by Obligors

- (a) No Obligor may assign, transfer, novate or dispose of any of, or any interest in, its rights and/or obligations under this Agreement, except:
 - (i) pursuant to a merger in accordance with Clause 16.11(b) (Acquisitions and mergers); and
 - (ii) that UPC Broadband Holdco (**Existing UPC Broadband Holdco**) may at any time assign, transfer, novate or dispose of all of its rights and obligations under this Agreement and the other Finance Documents to which it is a party to another person which is the immediate Holding Company of UPC Broadband (**New UPC Broadband Holdco**) in accordance with the terms of this Agreement and the terms of such other Finance Document, provided that any transfer or novation of obligations by Existing UPC Broadband Holdco will not be effective until New UPC Broadband Holdco has become an Additional Guarantor in accordance with Clause 26.4 (Additional Obligors) and has delivered or delivers the documents specified in Clause 26.4(a)(v) (Additional Obligors).
- (b) At the time the foregoing conditions for the transfer or novation of Existing UPC Broadband Holdco's obligations shall have been satisfied (or waived, as the case may be) and such transfer or novation has taken effect:
 - (i) Existing UPC Broadband Holdco will be released from its obligations under this Agreement and the other Finance Documents, without prejudice to any such obligations which may have accrued and shall not have been discharged prior to such time; and
 - (ii) Existing UPC Broadband Holdco will cease to be an Original Guarantor.

26.2 Transfers by Lenders

- (a) A Lender (the **Existing Lender**) may at any time after the day falling five Business Days after the Signing Date assign, transfer or novate any of its rights and/or obligations under this Agreement and the other Finance Documents to another person (the **New Lender**), provided that:
- (i) in the case of a partial assignment, transfer or novation of rights and/or obligations, such assignment, transfer or novation shall be in a minimum amount (in relation to an Additional Facility Commitment denominated in euros) of €1,000,000 or (in relation to an Additional Facility Commitment denominated in US Dollars) of US\$1,000,000 or, in each case, such lower amount as the Existing Lender may agree with UPC Broadband (save that in the case of a partial assignment, transfer or novation by an Additional Facility Lender of its rights and/or obligations under an Additional Facility to an Affiliate or Related Fund of that Additional Facility Lender, such assignment, transfer or novation shall be in a minimum amount (in relation to an Additional Facility Commitment denominated in euros) of €500,000 or (in relation to an Additional Facility Commitment denominated in US Dollars) of US\$500,000 or, in each case, such lower amount as that Additional Facility Lender may agree with UPC Broadband);
 - (ii) a Facility D Lender may only assign, transfer or novate any of its rights and/or obligations under this Agreement in respect of any undrawn Facility D Commitments if:
 - (A) the New Lender will, on completion of such assignment, transfer or novation, be entitled to receive (either as a Facility B Lender under the Existing Facility or the holder of a sub-participation interest in respect of Facility B under the Existing Facility (including without limitation pursuant to a Relevant Facility B Sub-Participation Agreement) or a combination of the foregoing) on the date of the Facility B Repayment Instalment (as defined in the Existing Facility Agreement) corresponding to the Utilisation Date for that undrawn Facility D Commitment, an amount of (or equal to) the Facility B Repayment Instalment (as defined in the Existing Facility Agreement) scheduled to be repaid on that date which is no less than the amount of that undrawn Facility D Commitment; and
 - (B) the Existing Lender will, on completion of such assignment, transfer or novation, continue to be in compliance with the representation set out in Clause 19.15(b) (Lenders) in respect of any of its remaining undrawn Facility D Commitments; and
 - (iii) if immediately prior to the time of the proposed assignment, transfer or novation becoming effective, it is a requirement of Dutch law, the New Lender (A) is a Professional Market Party or exempted from the requirement to be a Professional Market Party because it forms part of a closed circle (*besloten kring*) with UPC Broadband and (B) delivers a duly completed and executed Verification Letter to UPC Broadband and makes the representation in paragraph (2) of the Novation Certificate (as defined below).
- (b) The prior consent of UPC Broadband is required for any such assignment, transfer or novation (unless to an Affiliate or to a Lender, but without prejudice to Clause 26.2(a)), provided that:
- (i) UPC Broadband's consent must not be unreasonably withheld or delayed;
 - (ii) the consent of UPC Broadband to an assignment, transfer or novation must not be withheld solely because the assignment, novation or transfer may result in an increase to the Mandatory Cost;
 - (iii) the prior consent of UPC Broadband is not required when (A) the assignment, novation or transfer of a Lender's rights and/or obligations is to an Affiliate or Related Fund of that Lender or (B) an Event of Default is outstanding;
 - (iv) nothing in this Clause 26.2 restricts the ability of any Lender to enter into any sub-participation or other arrangement with any third party relating to the Finance Documents

which does not transfer to that third party any obligation and/or legal or equitable interest in any of the rights arising under this Agreement.

- (c) A transfer of obligations will be effective only if the obligations are novated in accordance with Clause 26.3 (Procedure for novations).
- (d) On each occasion an Existing Lender assigns, transfers or novates any of its rights and/or obligations under this Agreement (other than to an Affiliate or Related Fund of that Existing Lender), the New Lender shall, on the date the assignment, transfer and/or novation takes effect, pay to the Facility Agent for its own account a fee of €1,500 except in the case of an assignment, transfer or novation where such Existing Lender also assigns, transfers or novates its rights in respect of an amount of outstanding Facility B Advances under the Existing Facility to the same New Lender in order to comply with the provisions of Clause 26.2(a)(ii) above in which case no fee will be payable under this Agreement but a fee of €1,500 will be payable under clause 26.2(d) (Transfers by Lenders) of the Existing Facility Agreement.
- (e) An Existing Lender is not responsible to a New Lender for:
 - (i) the execution, genuineness, validity, enforceability or sufficiency of any Finance Document or any other document;
 - (ii) the collectability of amounts payable under any Finance Document; or
 - (iii) the accuracy of any statements (whether written or oral) made in connection with any Finance Document.
- (f) Each New Lender confirms to the Existing Lender and the other Finance Parties that it:
 - (i) has made its own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender in connection with any Finance Document; and
 - (ii) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities while any amount is or may be outstanding under this Agreement or any Facility D1 Commitment, Facility D2 Commitment, Facility D3 Commitment, Facility D4 Commitment, Facility D5 Commitment or Additional Facility Commitment (if any) is in force.
- (g) No Facility D Lender shall enter into any assignment, transfer, novation, sub-participation or other arrangement which results in its entitlement under Facility B to receive (either as a Facility B Lender under the Existing Facility or the holder of a sub-participation interest in respect of Facility B under the Existing Facility (including without limitation pursuant to a Relevant Facility B Sub-Participation Agreement) or a combination of the foregoing) on the date of any Facility B Repayment Instalment (as defined in the Existing Facility Agreement) corresponding to the Utilisation Date for any of its undrawn Facility D Commitment, an amount of Facility B less than the amount of its undrawn Facility D Commitment to be drawn on that date.
- (h) Nothing in any Finance Document obliges an Existing Lender to:
 - (i) accept a re-transfer from a New Lender of any of the rights and/or obligations assigned, transferred or novated under this Clause 26; or
 - (ii) support any losses incurred by the New Lender by reason of the non-performance by any Obligor of its obligations under this Agreement or otherwise.
- (i) Any reference in this Agreement to a Lender includes a New Lender (to the extent rights have been assigned, transferred or novated to that New Lender and to the extent that obligations have been assumed by the New Lender) but excludes a Lender if no amount is or may be owed to or by it under this Agreement and its Facility D1 Commitment (if any), Facility D2 Commitment (if

any), Facility D3 Commitment (if any) Facility D4 Commitment (if any) Facility D5 Commitment (if any) and Additional Facility Commitment (if any) has been cancelled or reduced to nil.

- (j) If any assignment, transfer or novation results, or will result by reason of circumstances existing at the time of the assignment, transfer or novation, in additional amounts becoming due under Clause 10 (Tax Gross-up and Indemnities) or amounts becoming due under Clause 12 (Increased Costs), the New Lender shall be entitled to receive such additional amounts only to the extent that the Existing Lender would have been so entitled had there been no such assignment, transfer or novation.
- (k) On the date that a New Lender becomes a party to this Agreement as a Lender, UPC Broadband represents and warrants that on that date it has verified the status of that New Lender either as:
 - (i) a Professional Market Party; or
 - (ii) exempted from the requirement to be a Professional Market Party because it forms part of a closed circle (*besloten kring*) with UPC Broadband, by obtaining a duly completed and signed Verification Letter.

26.3 Procedure for novations

- (a) A novation is effected if:
 - (i) the Existing Lender and the New Lender deliver to the Facility Agent a duly completed certificate (a **Novation Certificate**), substantially in the form of Part 1 of Schedule 5 (Novation Certificate); and
 - (ii) the Facility Agent executes it (which the Facility Agent shall promptly do).
- (b) Each Finance Party (other than the Existing Lender and the New Lender) irrevocably authorises the Facility Agent to execute any duly completed Novation Certificate on its behalf if that Novation Certificate effects a novation permitted by Clause 26.2 (Transfers by Lenders).
- (c) To the extent that they are expressed to be the subject of the novation in the Novation Certificate and subject to paragraph (e) below,;
 - (i) the Existing Lender and the other Parties (the **existing Parties**) will be released from their obligations to each other (the **discharged obligations**);
 - (ii) the New Lender and the existing Parties will assume obligations towards each other which differ from the discharged obligations only insofar as they are owed to or assumed by the New Lender instead of the Existing Lender;
 - (iii) the rights of the Existing Lender against the existing Parties and vice versa (the **discharged rights**) will be cancelled;
 - (iv) the New Lender and the existing Parties will acquire rights against each other which differ from the discharged rights only insofar as they are exercisable by or against the New Lender instead of the Existing Lender; and
 - (v) the New Lender shall become, by the execution by the Facility Agent of such Novation Certificate, bound by the terms of the Security Deed as if it were an original party thereto as a Senior Beneficiary and shall acquire the same rights and assume the same obligations towards the other parties to the Security Deed as would have been acquired and assumed had the New Lender been an original party to the Security Deed as a Senior Beneficiary,

all on the later of (i) five Business Days after receipt of a Verification Letter (if applicable) and a Novation Certificate executed by the Existing Lender and the New Lender; (ii) the date of execution of such Novation Certificate by the Facility Agent or; (iii) the date specified in the Novation Certificate.

- (d) If the effective date of a novation is after the date a Request is received by the Facility Agent but before the date the requested Advance is disbursed to the relevant Borrower, the Existing Lender shall be obliged to participate in that Advance in respect of its discharged obligations notwithstanding that novation, and the New Lender shall reimburse the Existing Lender for its participation in that Advance and all interest and fees thereon up to the date of reimbursement (in each case to the extent attributable to the discharged obligations) within three Business Days of the Utilisation Date of that Advance.
- (e) If an Existing Lender effects a Mid-Interest Period Transfer:
- (i) the Facility Agent has an obligation to make interest accruing on and prior to the date on which the Mid-Interest Period Transfer took effect (the **Pre-Transfer Accrued Interest**) available to the Existing Lender in accordance with Clause 9.3 (Distribution). Once such Accrued Interest has been made available to the Existing Lender in accordance with Clause 9.3 (Distribution), the Facility Agent will be released from all obligations towards the Existing Lender;
 - (ii) the Facility Agent will have no obligation to pay Pre-Transfer Accrued Interest to the New Lender;
 - (iii) such Existing Lender will continue to have the right to receive Pre-Transfer Accrued Interest. Once such Pre-Transfer Accrued Interest has been made available to such Existing Lender in accordance with Clause 9.3 (Distribution), all rights of such Existing Lender against the Facility Agent will be cancelled; and
 - (iv) the New Lender will have no right to receive Pre-Transfer Accrued Interest from the Facility Agent.

26.4 Additional Obligors

- (a) (i) Subject to paragraphs (b) and (c) below, a Subsidiary of UPC Broadband may become an Additional Guarantor and any member of the Borrower Group may become an Additional Borrower by delivering to the Facility Agent an Obligor Accession Agreement, duly executed by that company as an Additional Guarantor or Additional Borrower (as applicable).
- (ii) A person which (a) becomes the immediate Holding Company of UPC Broadband or (b) becomes a Guarantor under the Existing Facility Agreement shall, prior to or contemporaneously with becoming such Holding Company, become an Additional Guarantor by delivering to the Facility Agent an Obligor Accession Agreement, duly executed by that company as an Additional Guarantor.
 - (iii) A member of the Borrower Group that becomes an Additional Borrower shall, prior to or contemporaneously with becoming an Additional Borrower, become an Additional Guarantor by delivering to the Facility Agent an Obligor Accession Agreement (which may be the same Obligor Accession Agreement entered into by that Additional Borrower referred to in sub-paragraph (i) above) duly executed by that company as an Additional Guarantor.
 - (iv) Upon execution and delivery of an Obligor Accession Agreement and delivery of the documents specified in sub-paragraph (v) below, the relevant Subsidiary, member of the Borrower Group or person referred to in sub-paragraph (i), (ii) or (iii) above will become an Additional Guarantor or Additional Borrower and an Additional Guarantor (as applicable).
 - (v) UPC Broadband shall procure that, at the same time as an Obligor Accession Agreement is delivered to the Facility Agent, there is also delivered to the Facility Agent all those documents listed in Part 2 of Schedule 2 (Conditions Precedent Documents), in each case in form and substance satisfactory to the Facility Agent (acting reasonably).
 - (vi) The Obligor Accession Agreement referred to in sub-paragraph (i) above may, in the case of an Additional Guarantor, with the prior written approval of the Facility Agent, include a

limitation of the obligations or liabilities of the relevant Additional Guarantor under Clause 14 (Guarantee) where such limitation is required by any applicable law.

- (b) UPC Broadband shall:
- (i) procure that at all times the value of the aggregate EBITDA, total assets and total revenues of:
- (A) the Guarantors as of the Effective Date (other than UPC Broadband, any UPC Broadband Holdco, UPC Holding and UPC Holding II) and their respective Subsidiaries (as calculated by reference to the relevant financial statements most recently provided under Clause 16.2(a) or (b) (Financial information)); and
- (B) any Additional Guarantors which have become Guarantors since the Effective Date and their respective Subsidiaries (as calculated by reference to the relevant financial statements most recently provided under Clause 16.2(a) or (b) (Financial information) or, if no such financial statements have been provided in respect of such Additional Guarantors, as calculated by reference to the financial statements referred to in paragraph 11 of Part 2 of Schedule 2 (Conditions Precedent Documents) provided under Clause 26.4(a)(iii) (Additional Obligors) in respect of each Additional Guarantor),
- is equal to or greater than 95 per cent. of the Borrower Group's consolidated EBITDA, total assets and total revenues (as calculated by reference to the relevant financial statements most recently provided under Clause 16.2(a) or (b) (Financial information)), if necessary by procuring that additional Subsidiaries of UPC Broadband become Additional Guarantors; and
- (ii) consult with the Facility Agent prior to any entity becoming an Additional Guarantor in order to ensure that no material adverse change would or be reasonably likely to occur, as a result of such entity becoming an Additional Guarantor, in the consolidated financial position of the Borrower Group (taken as a whole) which would or be reasonably likely to have a Material Adverse Effect.
- (c) A member of the Borrower Group may only become an Additional Borrower:
- (i) under an Additional Facility;
- (ii) if such member of the Borrower Group executes an Obligor Accession Agreement prior to or contemporaneously with the execution by the relevant Initial Additional Facility Lenders of the relevant Additional Facility Accession Agreement and (other than in the case of UPC Financing) such Obligor Accession Agreement specifies the relevant Additional Facility under which that member of the Borrower Group is to be a Borrower; and
- (iii) with the prior consent of the Majority Lenders (except in the case of UPC Financing).
- (d) UPC Broadband represents and warrants to the Finance Parties that it is in compliance with paragraph (b) above as of the Effective Date (all relevant calculations being made by reference to the financial statements most recently provided under Clause 16.2(a) or (b) (Financial information)).
- (e) After the Effective Date, UPC Broadband shall be in compliance with its obligations under paragraph (b) above if it procures that any of its Subsidiaries which are required to become Additional Guarantors do so within 60 days after the delivery to the Facility Agent of any financial statements delivered under Clause 16.2(a) or (b) (Financial information) which demonstrate that additional Subsidiaries of UPC Broadband are required to become Additional Guarantors under paragraph (b).
- (f) The execution of an Obligor Accession Agreement constitutes confirmation by the relevant Additional Guarantor or Additional Borrower (if applicable) that the relevant representations and warranties set out in Clause 15 (Representations and Warranties) to be made by it on the date of

the Obligor Accession Agreement are correct, as if made with reference to the facts and circumstances then existing.

26.5 Reference Banks

- (a) If a Reference Bank ceases to be a Lender, the Facility Agent shall (after consulting with UPC Broadband) appoint another Lender which is not a Reference Bank to replace that Reference Bank.
- (b) UPC Broadband and the Facility Agent may agree to add one or more additional Reference Bank(s) from among the Lenders.

26.6 Register

The Facility Agent shall maintain at its address referred to in Clause 32.2(b) (Addresses for notices) a copy of each Novation Certificate delivered to and accepted by it and a register of the names and addresses all the Parties including, in the case of Lenders, their Commitments under each Facility, the principal amount of the Advances owing under each Facility to each Lender from time to time and the details of their Facility Office notified to the Facility Agent from time to time, and shall supply any other Party (at that Party's expense) with a copy of the register on request. The entries in such register shall be conclusive and binding for all purposes, absent manifest error, and the Obligors, the Facility Agent and the Lenders shall treat each person whose name is recorded in the register as a Lender hereunder for all purposes of this Agreement.

27. DISCLOSURE OF INFORMATION

- (a) Any Lender may disclose to any of its Affiliates and any other person:
 - (i) to (or through) whom that Lender assigns or transfers (or may potentially assign or transfer) all or any of its rights and obligations under this Agreement;
 - (ii) with (or through) whom that Lender enters into (or may potentially enter into) any sub-participation in relation to, or any other transaction under which payments are to be made by reference to, this Agreement or any Obligor; or
 - (iii) to whom, and to the extent that, information is required to be disclosed by any applicable law or regulation,

any information about any Obligor, the Borrower Group and the Finance Documents as that Lender shall consider appropriate (acting reasonably) if, in relation to sub-paragraphs (i) and (ii) above, the person to whom the information is to be given has entered into a Confidentiality Undertaking.

- (b) Notwithstanding any other provision of this Agreement, any Party to this Agreement (and any of its affiliates, officers, directors, employees, representatives, professional advisers, or other agents) may (and has since the commencement of discussions with respect to the Facility been permitted to) disclose to any and all persons, without limitation of any kind:
 - (i) the **U.S. tax treatment** and **U.S. tax structure** (each as defined below) of the Facility; and
 - (ii) all material of any kind (including opinions and other tax analyses) that are provided to such party relating to such U.S. tax treatment or U.S. tax structure,

except to the extent reasonably necessary to comply with applicable federal or state securities laws.

For the purposes of this subsection, the **U.S. tax treatment** of the Facility is the purported or claimed U.S. federal, state and local income tax treatment of the Facility, and the **U.S. tax structure** of the Facility is any fact that may be relevant to understanding the purported or claimed U.S. federal, state and local income tax treatment of the Facility. This authorisation is not intended to permit disclosure of any information (other than information relating to the U.S. tax treatment or U.S. tax structure of the Facility) including (without limitation) (i) any portion of any materials

to the extent not related to the U.S. tax treatment or U.S. tax structure of the Facility, (ii) the identities of participants or potential participants in the Facility (except to the extent such identities are related to the U.S. tax treatment or the U.S. tax structure of the Facility), (iii) the existence or status of any negotiations, (iv) any pricing or financial information (except to the extent such pricing or financial information is related to the U.S. tax treatment or the U.S. tax structure of the Facility), or (v) any other term or detail not relevant to the U.S. tax treatment or the U.S. tax structure of the Facility.

28. SET-OFF

28.1 Contractual set-off

A Finance Party may set off any matured obligation owed by an Obligor under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

28.2 Set-off not mandatory

No Finance Party shall be obliged to exercise any right given to it by Clause 28.1 (Contractual set-off).

28.3 Notice of set-off

Any Finance Party exercising its rights under Clause 28.1 (Contractual set-off) shall notify the relevant Obligor promptly after set-off is applied.

29. PRO RATA SHARING

29.1 Redistribution

If any amount owing by an Obligor under any Finance Document to a Finance Party (the **recovering Finance Party**) is discharged by payment, set-off or any other manner other than through the Facility Agent in accordance with Clause 9 (Payments) (a **recovery**), then:

- (a) the recovering Finance Party shall, within three Business Days, notify details of the recovery to the Facility Agent;
- (b) the Facility Agent shall determine whether the recovery is in excess of the amount which the recovering Finance Party would have received had the recovery been received by the Facility Agent and distributed in accordance with Clause 9 (Payments);
- (c) subject to Clause 29.3 (Exceptions), the recovering Finance Party shall, within three Business Days of demand by the Facility Agent, pay to the Facility Agent an amount (the **redistribution**) equal to the excess;
- (d) the Facility Agent shall treat the redistribution as if it were a payment by the Obligor concerned under Clause 9 (Payments) and shall pay the redistribution to the Finance Parties (other than the recovering Finance Party) in accordance with Clause 9.7 (Partial payments); and
- (e) after payment of the full redistribution, the recovering Finance Party will be subrogated to the portion of the claims paid under paragraph (d) above, and that Obligor will owe the recovering Finance Party a debt which is equal to the redistribution, immediately payable and of the type originally discharged.

29.2 Reversal of redistribution

If under Clause 29.1 (Redistribution):

- (a) a recovering Finance Party must subsequently return a recovery, or an amount measured by reference to a recovery, to an Obligor; and
- (b) the recovering Finance Party has paid a redistribution in relation to that recovery,

each Finance Party shall, within three Business Days of demand by the recovering Finance Party through the Facility Agent, reimburse the recovering Finance Party all or the appropriate portion of the redistribution paid to that Finance Party. Thereupon the subrogation in Clause 29.1(e) (Redistribution) will operate in reverse to the extent of the reimbursement.

Each Finance Party agrees with the Facility Agent that it will comply with any notice given to it by the Facility Agent under this Clause 29.2.

29.3 Exceptions

- (a) A recovering Finance Party need not pay a redistribution to the extent that it would not, after the payment, have a valid claim against the Obligor concerned in the amount of the redistribution pursuant to Clause 29.1(e) (Redistribution).
- (b) A recovering Finance Party is not obliged to share with any other Finance Party any amount which the recovering Finance Party has received or recovered as a result of taking legal proceedings, if the other Finance Party had an opportunity to participate in those legal proceedings but did not do so and did not take separate legal proceedings.

30. SEVERABILITY

If a provision of any Finance Document is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not affect:

- (a) the legality, validity or enforceability in that jurisdiction of any other provision of the Finance Documents; or
- (b) the legality, validity or enforceability in other jurisdictions of that or any other provision of the Finance Documents.

31. COUNTERPARTS

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

32. NOTICES

32.1 Giving of notices

All notices or other communications under or in connection with this Agreement shall be given in writing and, unless stated, may be made by letter, telex or facsimile or (to the extent that (i) the relevant Party has specified such an address pursuant to Clause 32.2 (Addresses for notices) and (ii) such notice or communication is not required to be signed by an Authorised Signatory, other officer or board of the relevant entity and the form of such notice or communication does not provide for signature by an Authorised Signatory, other officer or board of the relevant entity) by e-mail. Any such notice will be deemed to be given as follows:

- (a) if by letter, when delivered personally or on actual receipt; and
- (b) if by facsimile or e-mail, when received in legible form.

However, a notice given in accordance with the above but received on a non-working day or after business hours in the place of receipt will only be deemed to be given on the next working day in that place.

32.2 Addresses for notices

- (a) The address and facsimile number and (if so specified) e-mail address of each Party (other than the Facility Agent and the Borrowers) for all notices under or in connection with this Agreement are:
 - (i) that notified by that Party for this purpose to the Facility Agent on or before it becomes a Party; or
 - (ii) any other notified by that Party for this purpose to the Facility Agent by not less than five Business Days' notice.
- (b) The address, facsimile numbers and e-mail address of the Facility Agent and the Security Agent are:

TD Bank Europe Limited
Triton Court
14/18 Finsbury Square
London EC2A 1DB

Contact: Rory McCarthy

Facsimile: +44 20 7638 0006

E-mail: rory.mccarthy@tdsecurities.com

and in each case with a copy to:

TD Bank Europe Limited
Royal Trust Tower
77 King Street West
18th Floor
Toronto
Ontario, Canada
M5K 1A2

Contact: Marc Scaeffler/Parin Kanji

Facsimile: +1 416 982 6630

or such other as the Facility Agent may notify to the other Parties by not less than five Business Days' notice.

- (c) The address, facsimile numbers and e-mail address of UPC Broadband is:

UPC Broadband Holding B.V.
Boeing Avenue 53
1119 PE Schiphol Rijk
Amsterdam

Contact: Dennis Okhuijsen

Facsimile: + 3120 778 9453; and

E-mail: dokhuijsen@UPCcorp.com

or such other as the Borrower may notify to the other Parties by not less than five Business Days' notice.

- (d) The Facility Agent shall, promptly upon request from any Party, give to that Party the address, facsimile number or e-mail address (if applicable) of any other Party applicable at the time for the purposes of this Clause 32.

33. LANGUAGE

- (a) Any notice given under or in connection with any Finance Document shall be in English.
- (b) All other documents provided under or in connection with any Finance Document shall be:
- (i) in English; or
 - (ii) if not in English and the Facility Agent so requests, accompanied by a certified English translation and, in this case, the English translation shall prevail unless the document is a statutory or other official document.

34. JURISDICTION

34.1 Submission

For the benefit of each Finance Party, each Obligor agrees that the courts of England have jurisdiction to settle any disputes in connection with any Finance Document (other than any Security Document expressed to be governed by laws other than the laws of England) and accordingly submits to the jurisdiction of the English courts.

34.2 Service of process

Without prejudice to any other mode of service, each Obligor which is not incorporated in England and Wales:

- (a) irrevocably appoints UPC Services Ltd, 4th Floor, Michelen House, 81 Fulham Road, London, SW3 6RD as its agent for service of process relating to any proceedings before the English courts in connection with any Finance Document;
- (b) agrees to maintain an agent for service of process in England until all Facility D1 Commitments, Facility D2 Commitments, Facility D3 Commitments, Facility D4 Commitments, Facility D5 Commitments and Additional Facility Commitments have terminated and the Advances and all other amounts payable under the Finance Documents have been finally, irrevocably and indefeasibly repaid in full;
- (c) agrees that failure by a process agent to notify the Obligor of the process will not invalidate the proceedings concerned;
- (d) consents to the service of process relating to any such proceedings by prepaid posting of a copy of the process to its address for the time being applying under Clause 32.2 (Addresses for notices); and
- (e) agrees that if the appointment of any person mentioned in paragraph (a) above ceases to be effective, the relevant Obligor shall immediately appoint a further person in England to accept service of process on its behalf in England and, failing such appointment within 15 days, the Facility Agent is entitled and authorised to appoint a process agent for the Obligor by notice to the Obligor.

34.3 Forum convenience and enforcement abroad

Each Obligor:

- (a) waives objection to the English courts on grounds of inconvenient forum or otherwise as regards proceedings in connection with a Finance Document; and
- (b) agrees that a judgment or order of an English court in connection with a Finance Document is conclusive and binding on it and may be enforced against it in the courts of any other jurisdiction.

34.4 Non-exclusivity

Nothing in this Clause 34 limits the right of a Finance Party to bring proceedings against an Obligor in connection with any Finance Document:

- (a) in any other court of competent jurisdiction; or
- (b) concurrently in more than one jurisdiction.

35. WAIVER OF IMMUNITY

Each Obligor irrevocably and unconditionally:

- (a) agrees that if a Finance Party brings proceedings against it or its assets in relation to a Finance Document, no immunity from those proceedings (including, without limitation, suit, attachment prior to judgment, other attachment, the obtaining of judgment, execution or other enforcement) will be claimed by or on behalf of itself or with respect to its assets;
- (b) waives any such right of immunity which it or its assets now has or may subsequently acquire; and
- (c) consents generally in respect of any such proceedings to the giving of any relief or the issue of any process in connection with those proceedings, including, without limitation, the making, enforcement or execution against any assets whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in those proceedings.

36. WAIVER OF TRIAL BY JURY

EACH PARTY WAIVES ANY RIGHT IT MAY HAVE TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION IN CONNECTION WITH ANY FINANCE DOCUMENT OR ANY TRANSACTION CONTEMPLATED BY ANY FINANCE DOCUMENT. THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO TRIAL BY THE COURT.

37. GOVERNING LAW

This Agreement is governed by and construed in accordance with English law.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE 1

ORIGINAL PARTIES

PART 1

ORIGINAL GUARANTORS

Name	Address
UPC Financing Partnership	4643 South Ulster Street Suite 1300 Denver, Co 80237 United States
UPC Broadband Holding B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Holding II B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Holding B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC France Holding B.V	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Scandinavia Holding B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Austria Holding B.V. (previously called Cable Network Austria Holding B.V.)	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Central Europe Holding B.V (previously called Stipdon Investments B.V.)	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Nederland B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Poland Holding B.V. (previously called UPC Telecom B.V.)	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands

PART 2
INITIAL FACILITY D LENDERS AND COMMITMENTS

Lender	Facility D1 Commitments	Facility D2 Commitments	Facility D3 Commitments	Facility D4 Commitments	Facility D5 Commitments
Ares leveraged Investment fundII LP	€584,161.25	€1,051,490.25	€1,051,490.25	€1,518,819.25	€1,518,819.25
B&W Master Tobacco retirement (GT)	€56,663.64	€101,994.55	€101,994.55	€147,325.47	€147,325.47
Bank of America N.A.	€7,455,291.56	€13,419,524.80	€13,419,524.80	€19,383,758.05	€19,383,758.05
Bank of America N.A. (Emerging Markets)	€3,362,229.51	€6,052,013.11	€6,052,013.11	€8,741,796.72	€8,741,796.72
Bank of America N.A. (New York)	€890,845.90	€1,603,522.63	€1,603,522.63	€2,316,199.35	€2,316,199.35
Bear, Stearns Corporate Lending Inc.	€4,956,342.67	€8,921,416.80	€8,921,416.80	€12,886,490.94	€12,886,490.94
BNP Paribas, Belgian Branch	€7,277,101.02	€13,098,781.84	€13,098,781.84	€18,920,462.66	18,920,462.66
Canadian Imperial Bank of Commerce, London Branch	€2,734,392.42	€4,921,906.36	€4,921,906.36	€7,109,420.30	€7,109,420.30
Citibank N.A.	€1,265,543.62	€2,277,978.52	€2,277,978.52	€3,290,413.41	€3,290,413.41
Credit Lyonnais SA	€6,814,971.17	€12,266,948.11	€12,266,948.11	€17,718,925.04	€17,718,925.04
Credit Suisse First Boston	€584,161.25	€1,051,490.25	€1,051,490.25	€1,518,819.25	€1,518,819.25
Deutsche Bank AG	€14,441,056.68	€25,993,902.03	€25,993,902.03	€37,546,747.38	€37,546,747.38
Deutsche Bank Structured Products Inc.	€11,683.22	€21,029.80	€21,029.80	€30,376.38	€30,376.38
Fortis Bank (Nederland) N.V.	€3,894,164.93	€7,009,496.87	€7,009,496.87	€10,124,828.81	€10,124,828.81
GE Capital Corporation	€1,197,530.56	€2,155,555.01	€2,155,555.01	€3,113,579.46	€3,113,579.46
Golden Tree HY Master	€523,857.32	€942,943.18	€942,943.18	€1,362,029.04	€1,362,029.04
Golden Tree HY Master Fund II	€175,248.37	€315,447.07	€315,447.07	€455,645.77	€455,645.77
Golden Tree HY OPP I	€693,595.36	€1,248,471.65	€1,248,471.65	€1,803,347.94	€1,803,347.94
Golden Tree HY OPP II	€714,137.13	€1,285,446.83	€1,285,446.83	€1,856,756.53	€1,856,756.53
GoldenTree HY Value Master Fund	€152,174.01	€273,913.21	€273,913.21	€395,652.41	€395,652.41
Goldman Sachs Credit Partners	€3,701,138.93	€6,662,050.07	€6,662,050.07	€9,622,961.22	€9,622,961.22
ING Bank N.V.	€3,894,269.24	€7,009,684.63	€7,009,684.63	€10,125,100.02	€10,125,100.02
JP Morgan Chase Bank	€9,880,775.05	€17,785,395.09	€17,785,395.09	€25,690,015.13	€25,690,015.13
Moore US restructuring LP	€134,357.09	€241,842.76	€241,842.76	€349,328.43	€349,328.43
Morgan Stanley Emerging Markets	€3,504,967.49	€6,308,941.49	€6,308,941.49	€9,112,915.48	€9,112,915.48
Morgan Stanley Senior Funding Inc	€3,047,235.43	€5,485,023.77	€5,485,023.77	€7,922,812.11	€7,922,812.11
Municipal Fire and Police Retirement (GT)	€29,792.22	€53,626.00	€53,626.00	€77,459.78	€77,459.78
ORN European Debt Fund L.P.	€323,938.65	€583,089.58	€583,089.58	€842,240.50	€842,240.50
Perry Principals LLC	€1,110,480.92	€1,998,865.65	€1,998,865.65	€2,887,250.38	€2,887,250.38
QDRF Master Limited	€961,157.68	€1,730,083.82	€1,730,083.82	€2,499,009.96	2,499,009.96
Quantum Partners LDC	€847,307.84	€1,525,154.11	€1,525,154.11	€2,203,000.39	€2,203,000.39
Satellite Senior Income Fund LLC	€1,856,760.31	€3,342,168.56	€3,342,168.56	€4,827,576.80	€4,827,576.80
Scotiabank Europe plc	€3,124,888.39	€5,624,799.11	€5,624,799.11	€8,124,709.82	€8,124,709.82
Strategic Value Master Fund Ltd	€274,555.79	€494,200.42	€494,200.42	€713,845.05	€713,845.05
TD Texas (inc)	€2,598,305.42	€4,676,949.76	€4,676,949.76	€6,755,594.10	€6,755,594.10
The Royal Bank of Scotland plc	€6,814,971.17	€12,266,948.11	€12,266,948.11	€17,718,925.04	€17,718,925.04
The Toronto Dominion Bank	€7,558,273.69	€13,604,892.65	€13,604,892.65	€19,651,511.61	€19,651,511.61
TRS IO LLC	€1,869,316.00	€3,364,768.79	€3,364,768.79	€4,860,221.59	€4,860,221.59
University of Chicago (GT)	€53,450.75	€96,211.36	€96,211.36	€138,971.96	€138,971.96
Total	€109,371,093.66	€196,867,968.60	€196,867,968.60	€284,364,843.53	€284,364,843.53

PART 3
FACILITY D COMMITMENTS

Lender	Facility D1 Commitments	Facility D2 Commitments	Facility D3 Commitments	Facility D4 Commitments	Facility D5 Commitments
Alpha US Sub Fund II, LLC	€21,306.13	€38,351.03	€38,351.03	€55,395.93	€55,395.93
Areas Leveraged Investment Fund II LP	€560,687.53	€1,009,237.55	€1,009,237.55	€1,457,787.57	€1,457,787.57
B&W Master Tobacco Retirement (GT)	€54,386.69	€97,896.04	€97,896.04	€141,405.39	€141,405.39
Bank of America Emerging Markets	€3,227,122.91	€5,808,821.23	€5,808,821.23	€8,390,519.56	€8,390,519.56
Bank of America N.A.	€7,155,710.85	€12,880,279.53	€12,880,279.53	€18,604,848.21	€18,604,848.21
Bank of America New York	€855,048.48	€1,539,087.26	€1,539,087.26	€2,223,126.04	€2,223,126.04
Bear, Stearns & Co. Inc	€4,757,178.81	€8,562,921.86	€8,562,921.86	€12,368,664.90	€12,368,664.90
BNP Paribas	€6,984,680.66	€12,572,425.18	€12,572,425.18	€18,160,169.71	€18,160,169.71
Canadian Imperial Bank of Commerce, London Branch	€2,624,514.60	€4,724,126.28	€4,724,126.28	€6,823,737.96	€6,823,737.96
Carlyle HP Partners L.P.	€112,137.51	€201,847.51	€201,847.51	€291,557.51	€291,557.51
Castlerigg Master Investments, Ltd	€2,344,132.61	€4,219,438.69	€4,219,438.69	€6,094,744.78	€6,094,744.78
Citibank N.A.	€1,214,689.48	€2, 186,441.06	€2,186,441.06	€3,158,192.64	€3,158,192.64
CMI, I Ltd	€122,892.55	€221,206.59	€221,206.59	€319,520.62	€319,520.62
Credit Lyonnais SA	€6,541,120.86	€11,774,017.55	€11,774,017.55	€17,006,914.24	€17,006,914.24
Credit Suisse Frist Boston	€560,687.53	€1,009,237.55	€1,009,237.55	€1,457,787.57	€1,457,787.57
Deutsche Bank AG	€13,860,762.55	€24,949,372.58	€24,949,372.58	€36,037,982.62	€36,037,982.62
Deutsche Bank Structured Products Inc.	€11,213.75	€20,184.75	€20,184.75	€29,155.75	€29,155.75
Fortis Bank (Nederland) N.V.	€3,737,683.23	€6,727,829.81	€6,727,829.81	€9,717,976.39	€9,717,976.39
GE Capital Corporation	€1,149,409.43	€2,068,936.97	€2,068,936.97	€2,988,464.52	€2,988,464.52
Golden Tree HY Master	€502,806.83	€905,052.30	€905,052.30	€1,307,297.76	€1,307,297.76
Golden Tree HY Master Fund II	€168,206.26	€302,771.26	€302,771.26	€437,336.27	€437,336.27
Golden Tree HY OPP II	€685,440.50	€1,233,792.90	€1,233,792.90	€1,782,145.30	€1,782,145.30
Golden Tree HY Value Master Fund	€146,059.10	€262,906.38	€262,906.38	€379,753.66	€379,753.66
Goldend Tree HY OPP I	€665,724.18	€1,198,303.52	€1,198,303.52	€1,730,882.87	€1,730,882.87
Goldman Sachs Credit Partners	€3,552,413.72	€6,394,344.69	€6,394,344.69	€9,236,275.67	€9,236,275.67
ING Bank N.V.	€3,737,783.35	€6,728,010.03	€6,728,010.03	€9,718,236.71	€9,718,236.71
JP Morgan Chase Bank	€9,483,729.60	€17,070,713.28	€17,070,713.28	€24,657,696.96	€24,657,696.96
KS Capital Partners, LP	€420,515.65	€756,928.16	€756,928.16	€1,093,340.68	€1,093,340.68
Moore US Restructuring LP	€128,958.13	€232,124.64	€232,124.64	€335,291.14	€335,291.14
Morgan Stanley Emerging Markets	€3,476,262.67	€6,257,272.80	€6,257,272.80	€9,038,282.94	€9,038,282.94
Morgan Stanley Senior Funding Inc	€2,812,648.95	€5,062,768.11	€5,062,768.11	€7,312,887.27	€7,312,887.27
Municipal Fire and Police Retirement (GT)	€28,595.06	€51,471.11	€51,471.11	€74,347.17	€74,347.17
ORN Distressed Debt Fund	€310,921.62	€559,658.92	€559,658.92	€808,396.22	€808,396.22
Perry Principals LLC	€1,065,857.76	€1,918,543.96	€1,918,543.96	€2,771,230.17	€2,771,230.17
QDRF Master Limited	€922,534.87	€1,660,562.76	€1,660,562.76	€2,398,590.66	€2,398,590.66
Quantum Partners LDC	€813,259.93	€1,463,867.88	€1,463,867.88	€2,114,475.83	€2,114,475.83
Salomon Asset Management	€1,569,925.08	€2,825,865.14	€2,825,865.14	€4,081,805.20	€4,081,805.20
Satellite Senior Income Fund LLC	€1,782,148.93	€3,207,868.08	€3,207,868.08	€4,633,587.22	€4,633,587.22
Scotiabank Europe plc	€2,803,337.51	€5,046,007.52	€5,046,007.52	€7,288,677.53	€7,288,677.53
Strategic Value Master Fund Ltd	€263,523.14	€474,341.65	€474,341.65	€685,160.16	€685,160.16
TD Texas (Inc)	€2,493,896.07	€4,489,012.92	€4,489,012.92	€6,484,129.78	€6,484,129.78
The Royal Bank of Scotland plc	€6,541,120.86	€11,774,017.55	€11,774,017.55	€17,006,914.24	€17,006,914.24
The Toronto Dominion Bank	€7,254,554.79	€13,058,198.62	€13,058,198.62	€18,861,842.46	€18,861,842.46
TRS IO LLC	€1,794,200.09	€3,229,560.16	€3,229,560.16	€4,664,920.23	€4,664,920.23
University of Chicago (GT)	€51,302.91	€92,345.24	€92,345.24	€133,387.56	€133,387.56
Total	€109,371,093.68	€196,867,968.63	€196,867,968.63	€284,364,843.57	€284,364,843.57

SCHEDULE 2
CONDITIONS PRECEDENT DOCUMENTS
PART 1
TO BE DELIVERED BEFORE THE FIRST ADVANCE

1. Constitutional Documents

- (a) A copy of the articles of association and certificate of incorporation of each Obligor (other than UPC Financing) and the partnership agreement in relation to UPC Financing or, if the Facility Agent already has a copy, a certificate of an authorised signatory of the relevant Obligor confirming that the copy in the Facility Agent's possession is still correct, complete and in full force and effect as at the date of this Agreement.
- (b) An extract of the registration in the trade register of the Dutch Chamber of Commerce of each Obligor established in The Netherlands.

2. Authorisations

- (a) A copy of an extract of a resolution of the managing or supervisory board of directors (or equivalent) and, to the extent that a shareholders' resolution is required under the constitutional documents of any Obligor established in The Netherlands, a copy of an extract of the shareholders' resolution of each Obligor:
 - (i) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party (including, in the case of each Guarantor, the giving of the guarantee under Clause 14 (Guarantee)) and resolving that it execute and, where applicable, deliver the Finance Documents;
 - (ii) authorising a specified person or persons to execute and, where applicable, deliver the Finance Documents to which it is a party on its behalf; and
 - (iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including Requests) to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party;
- (b) a specimen of the signature of each person authorised by the resolutions referred to in paragraph (a) above;
- (c) certificate of an authorised signatory of UPC Broadband certifying that each copy of the documents specified in Part 1 of this Schedule 2 and supplied by UPC Broadband is a true copy and in full force and effect as at a date no earlier than the Signing Date; and
- (d) evidence that all of the requirements of Section 25 of the Netherlands Works Council Act (*Wet op de Ondernemingsraden*) in connection with the transactions contemplated by the Finance Documents have been complied with by each Obligor established in The Netherlands.

3. Legal opinions

Legal opinions:

- (a) Allen & Overy, London, Amsterdam, Antwerp and New York, legal advisers to the Facility Agent;
- (b) Vinge KB, Stockholm, legal advisers to the Facility Agent;
- (c) Wiersholm, Mellbye & Bech, Oslo, legal advisers to the Facility Agent.

4. Finance Documents

- (a) The Security Documents in Schedule 7 (Security Documents) duly executed by all parties thereto.
- (b) The Security Deed duly executed by all parties thereto.
- (c) All relevant notices of security required to be delivered under any Security Document together with acknowledgements of such notices, in each case in the form required by the relevant Security Document.
- (d) Delivery to the Security Agent of share certificates and duly completed blank stock transfer forms (or equivalent) in respect of all shares or partnership interests (as applicable) subject to the Security Documents listed in Schedule 7 (Security Documents).
- (e) UCC-1 Financing Statements duly executed by each of UPC Holding and UPC Holding II.
- (f) Completion of all other steps specified by the Security Agent as being necessary to perfect the Security Interests intended to be created by the Security Documents listed in Schedule 7 (Security Documents).

5. Financial information

- (a) Audited consolidated financial statements for UPC for the financial year ending 31st December, 2002.
- (b) The Original Borrower Group Financial Statements, together with the financial statements of the Borrower Group for the Accounting Period ended 30th September, 2003.

6. Other documents

- (a) A copy of (and of all applications for) any and all approvals, consents, licences, exemptions and other requirements of governmental and other authorities required for the entering into or performance of the Finance Documents to be entered into on or about the Signing Date by each party.
- (b) A copy of any other authorisation or other document, opinion or assurance which the Facility Agent has notified UPC Broadband is necessary in connection with the entry into and performance of transactions contemplated by this Agreement or the validity and enforceability of this Agreement.
- (c) Evidence that all fees, costs and expenses required to be paid by UPC Broadband on or before the Effective Date pursuant to Clause 21.1 (Transaction Expenses) have been paid.
- (d) A duly executed copy of Intercreditor Agreement.
- (e) A copy of the Business Plan.
- (f) A copy of a duly executed Verification Letter from each Facility D Lender.
- (g) A copy of an amendment to the partnership agreement of UPC Financing to permit a further assignment of the partnership interest in UPC Financing to be granted.
- (h) A copy of a deed of amendment to the articles of association of UPC Nederland B.V. permitting the entry into of further security agreements and the related *notulen* and evidence of the execution and delivery to the Ministry of Justice in the Netherlands of the deed of amendment and *notulen*.
- (i) A statement signed on behalf of United Pan-Europe Communications Norge AS confirming that it has not received any notifications of pledges other than the share pledge dated 31st October, 2000 granted to TD Bank Europe Limited as security agent under the Existing Facility Agreement.

- (j) A copy of a letter from UPC Services Limited acknowledging its appointment as agent for service of process relating to any proceedings before the English courts, in connection with any Finance Document by each Obligor which is not incorporated in England and Wales.
- (k) A copy of the Fee Letter.

PART 2
TO BE DELIVERED BY AN ADDITIONAL OBLIGOR

1. An Obligor Accession Agreement, duly executed as a deed (or using any equivalent necessary formality, in the case of an Additional Obligor incorporated outside the United Kingdom) by the Additional Obligor.
2. In the case of an Additional Obligor (other than any UPC Broadband Holdco), a pledge over all the issued shares of the Additional Obligor owned by any member of the Borrower Group in substantially the same form as a share pledge already granted to the Security Agent over shares of another Obligor incorporated in the same jurisdiction as the Additional Obligor or in such other form as the Security Agent may reasonably require, together with a Security Provider's Deed of Accession executed by such member of the Borrower Group, such notices and other documents as the Security Agent may require to perfect such share pledge.
3. Details of:
 - (a) (in the case of an Additional Obligor, other than any UPC Broadband Holdco) all material receivables (aggregating €10,000,000 (or its equivalent in other currencies) or more) which are owed to the Additional Obligor by Priority Telecom N.V.;
 - (b) (in the case of, an Additional Obligor, other than UPC Broadband Holdco) all intercompany loans owed to the Additional Obligor by any member of the Borrower Group, together with an Obligor Pledge of Shareholder Loans executed by the Additional Obligor in respect of such intercompany loans and the other documents referred to in Clause 16.14 (Loans and guarantees);
 - (c) where the Additional Guarantor will become a UPC Broadband Holdco at the same time as, or after, it becomes an Additional Guarantor, details of all Financial Indebtedness owing to the Additional Guarantor by any member of the Borrower Group, together with a Pledge of Subordinated Shareholder Loans executed by the Additional Guarantor in respect of such Financial Indebtedness and the other documents referred to in Clause 16.25(a) (Shareholder Loans); and
 - (d) (in the case of an Additional Obligor, other than any UPC Broadband Holdco) all Financial Indebtedness owing by the Additional Obligor to any Restricted Person, together with a Pledge of Subordinated Shareholder Loans executed by the relevant Restricted Person(s) (if any) in respect of such Financial Indebtedness and the other documents referred to in Clause 16.25(a) (Shareholder Loans).
4. A pledge over such of the receivables referred to in sub-paragraph 3(a) above (in the case of an Additional Obligor, other than any UPC Broadband Holdco) as in the opinion of the Security Agent is necessary to maintain the coverage of the Security Documents over such receivables owed to the Borrower Group on a basis consistent with Clause 16.26 (Further security over receivables) in substantially the same form as a receivables pledge already granted to the Security Agent (i) by a member of the Borrower Group incorporated in the same jurisdiction as the Additional Obligor or (ii) in respect of receivables located in the same jurisdiction as the relevant receivables or (iii) in such other form as the Security Agent may reasonably request, together with all such notices and other documents as the Security Agent may require to perfect the receivables pledge.

5. A copy of the memorandum and articles of association and certificate of incorporation (or other equivalent constitutional documents) of the Additional Obligor (and any Subsidiary of the Additional Obligor, the issued shares of which are to be subject to a share pledge referred to in paragraph 6 below).
 6.
 - (a) Where the Additional Guarantor will become a UPC Broadband Holdco at the same time as, or after, it becomes an Additional Guarantor, a pledge over all the issued shares of UPC Broadband substantially in the same form as a share pledge already granted to the Security Agent over shares of UPC Broadband or in such other form as the Security Agent may reasonable require, together with such notices and other documents as the Security Agent may require to perfect such share pledge.
 - (b) In the case of an Additional Obligor (other than any UPC Broadband Holdco), a pledge over all the issued shares of any Subsidiary (a **Relevant Subsidiary**) of the Additional Obligor (other than shares not owned by the Additional Obligor or any Subsidiary of the Additional Obligor) if in the opinion of the Security Agent such pledge is necessary to maintain the coverage of the Security Documents over shares in Obligor (other than UPC Holding and any other UPC Broadband Holdco) or other key members of the Borrower Group (being holding companies in respect of one or more members of the Borrower Group which carry on business in a particular jurisdiction). Such share pledge shall be in substantially the same form as a Share Pledge already granted to the Security Agent over shares in a person incorporated in the same jurisdiction as the Relevant Subsidiary or in such other form as the Security Agent may reasonably require, together with such notices and other documents as the Security Agent may require to perfect such pledge.
 7. A copy of a resolution of the board of directors of the Additional Obligor:
 - (a) approving the terms of, and the transactions contemplated by, the Obligor Accession Agreement (and any relevant Security Document referred to in paragraphs 2, 3, 4 or 6 above (each an **Additional Security Document**) resolving that it execute the Obligor Accession Agreement (and each Additional Security Document);
 - (b) authorising a specified person or persons to execute the Obligor Accession Agreement and each Additional Security Document; and
 - (c) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents to be signed and/or despatched by it under or in connection with the Finance Documents.
 8. A copy of any other authorisation or other document, opinion or assurance which the Facility Agent reasonably considers to be necessary in connection with the entry into and performance of, and the transactions contemplated by, the Obligor Accession Agreement or any Additional Security Document.
 9. A specimen of the signature of each person authorised by the resolution referred to in paragraph 7 above.
 10. A certificate of an authorised signatory of the Additional Obligor certifying that each copy of the documents specified in Part 2 of this 0 and provided by it is a true copy and in full force and effect as at a date no earlier than the date of the Obligor Accession Agreement (and, in the case of an Additional Obligor other than any UPC Broadband Holdco, if required by the Facility Agent, a certificate of each Relevant Subsidiary in respect of each copy of the documents provided by it in accordance with the provisions of Part 2 of this 0).
 11. A copy of the latest financial statements (audited, if available) of the Additional Obligor.
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12. A legal opinion of legal advisers to the Facility Agent, and, if applicable, other lawyers approved by the Facility Agent in the place of incorporation of the Additional Obligor (and/or each Relevant Subsidiary) addressed to the Finance Parties.
13. All other notices, documents and other steps required to perfect the security constituted by each Additional Security Document (including, without limitation, accession to, or entry into (as the case may be), by:
 - (a) the relevant Additional Obligor (and any member of the Borrower Group which is an intercompany debtor in respect of the Additional Obligor) of an Obligors' Framework Agreement; or
 - (b) as the case may be, the relevant Restricted Person referred to sub-paragraph 3(d) above (and the Additional Obligor) of a Restricted Person's Framework Agreement.

SCHEDULE 3
MANDATORY COST FORMULAE

1. The Mandatory Cost is an addition to the interest rate to compensate Lenders for the cost of compliance with (a) the requirements of the Bank of England and/or the Financial Services Authority (or, in either case, any other authority which replaces all or any of its functions) or (b) the requirements of the European Central Bank.
2. On the first day of each Interest Period (or as soon as possible thereafter) the Facility Agent shall calculate, as a percentage rate, the arithmetic mean (rounded up, if necessary, to four decimal places) of the respective rates notified by each Reference Bank to the Facility Agent at its request as the rate resulting from the application of the formulae set out in paragraphs 3 and 4 below (the **Additional Cost Rate**).
3. The Additional Cost Rate for any Lender lending from a Facility Office in a Participating Member State will be the percentage notified by that Lender to the Facility Agent. This percentage will be certified by that Lender in its notice to the Facility Agent to be its reasonable determination of the cost (expressed as a percentage of that Lender's participation in all Loans made from that Facility Office) of complying with the minimum reserve requirements of the European Central Bank in respect of loans made from that Facility Office.
4. The Additional Cost Rate for any Lender lending from a Facility Office in the United Kingdom will be calculated by the Facility Agent as follows:

in relation to an Advance in any currency other than sterling:

$$\frac{E \times 0.01}{300} \text{ per cent. per annum.}$$

Where:

E is designed to compensate the Reference Banks for amounts payable under the Fees Rules (but, for this purpose, ignoring any minimum fee required pursuant to the Fees Rules) and is calculated by the Facility Agent as being the average for the most recent rates of charge supplied by the Reference Banks to the Facility Agent pursuant to paragraph 6 below and expressed in pounds per £1,000,000.

5. For the purposes of this Schedule:
 - (a) **Fees Rules** means the rules on periodic fees contained in the FSA Supervision Manual or such other law or regulation as may be in force from time to time in respect of the payment of fees for the acceptance of deposits;
 - (b) **Fee Tariffs** means the fee tariffs specified in the Fees Rules under the activity group A.1 Deposit acceptors (ignoring any minimum fee or zero rated fee required pursuant to the Fees Rules but taking into account any applicable discount rate; and
 - (c) **Tariff Base** has the meaning given to it in, and will be calculated in accordance with, the Fees Rules.
6. If requested by the Facility Agent, each Reference Bank shall, as soon as practicable after publication by the Financial Services Authority, supply to the Facility Agent, the rate of charge payable by that Reference Bank to the Financial Services Authority pursuant to the Fees Rules in respect of the relevant financial year of the Financial Services Authority (calculated for this purpose by that Reference Bank as being the average of the Fee Tariffs applicable to that

Reference Bank for that financial year) and expressed in pounds per £1,000,000 of the Tariff Base of that Reference Bank.

7. Each Lender shall supply any information required by the Facility Agent for the purpose of calculating its Additional Cost Rate. In particular, but without limitation, each Lender shall supply the following information on or prior to the date on which it becomes a Lender:
 - (a) the jurisdiction of its Facility Office; and
 - (b) any other information that the Facility Agent may reasonably require for such purpose.

Each Lender shall promptly notify the Facility Agent of any change to the information provided by it pursuant to this paragraph.

8. The rates of charge of each Reference Bank for the purpose of E above shall be determined by the Facility Agent based upon the information supplied to it pursuant to paragraphs 6 and 7 above.
9. The Facility Agent shall have no liability to any person if such determination results in an Additional Cost Rate which over or under compensates any Lender and shall be entitled to assume that the information provided by any Reference Bank pursuant to paragraph 3 above is true and correct in all respects.
10. The Facility Agent shall distribute the additional amounts received as a result of the Mandatory Costs to the Lenders on the basis of the Additional Cost Rate for each Lender based on the information provided by each Reference Bank pursuant to paragraphs 3, 6 and 7 above.
11. Any determination by the Facility Agent pursuant to this Schedule in relation to a formula, the Mandatory Cost, an Additional Cost Rate or any amount payable to a Lender shall, in the absence of manifest error, be conclusive and binding on all Parties.
12. The Facility Agent may from time to time, after consultation with UPC Broadband and the Lenders, determine and notify to all Parties any amendments which are required to be made to this Schedule in order to comply with any change in law, regulation or any requirements from time to time imposed by the Bank of England, the Financial Services Authority or the European Central Bank (or, in any case, any other authority which replaces all or any of its functions) and any such determination shall, in the absence of manifest error, be conclusive and binding on all Parties.

SCHEDULE 4
FORM OF REQUEST AND CANCELLATION NOTICE
PART 1
FORM OF REQUEST

To: []

Attention: []

From: UPC Broadband Holding B.V.

Date: []

REQUEST (ADVANCE)

UPC Broadband Holding B.V.—€1,072,000,000 Term Credit Agreement dated [] January, 2004 (the Credit Agreement)

Dear Sirs,

We hereby give you notice pursuant to Clause 5.1 (Delivery of Request) of the above Credit Agreement that we require an Advance to be made to that Borrower under the Credit Agreement, as follows:

- (a) Facility: [Facility D1, Facility D2, Facility D3, Facility D4, Facility D5 or relevant Additional Facility]
- (b) Utilisation Date: [31st December, 2004, 30th June, 2005, 31st December, 2005, 30th June, 2006, 31st December, 2006 or a date falling within the relevant Additional Facility Availability Period]
- (c) Requested Amount: []
- [(d) Currency: []]
- (e) Interest Period: []

[Payment instructions with respect to the proceeds of the Advance to be made in relation to this Request are as follows: [].]*

* Delete if Clause 5.6 applies to the Advance

We confirm that each condition specified in Clause 4.2 (Further conditions precedent) is satisfied on the date of this Request. [In particular, we confirm that the proceeds of the Advance will be applied [*specify purpose*] in accordance with Clause 3.1 (Purpose).]

Terms used in this Request and defined in the Credit Agreement have the same meaning in this Request as in the Credit Agreement.

Yours faithfully

[Authorised Signatory]

[Borrower]

PART 2
FORM OF CANCELLATION AND/OR PREPAYMENT NOTICE

To: [] as Facility Agent

From: [BORROWER]

Date: []

UPC Broadband Holding B.V.—€1,072,000,000 Term Credit Agreement dated [] January, 2004

1. [We wish to cancel a portion of Total Facility D1 Commitments* and/or*/Total Facility D2 Commitments* and/or* Total Facility D3 Commitments* and/or* Total Facility D4 Commitments and/or* Total Facility D5 Commitments and/or Total Additional Facility Commitments in the following amounts:

Cancellation:

Total Facility D1 Commitments: []*

Total Facility D2 Commitments: []*

Total Facility D3 Commitments: []*

Total Facility D4 Commitments: []*

Total Facility D5 Commitments: []*

Total Additional Facility Commitments: []*

OR

[We wish to prepay the whole or part of the following Advances which are to be applied against the Facilities in the following order:

- (a) Facilities:

Facility D1 Advance: []*

Facility D2 Advance: []*

Facility D3 Advance: []*

Facility D4 Advance: []*

Facility D5 Advance: []*

Additional Facility Advance: []*

* Delete as appropriate.

- (b) Application of Advance[s]:

Facility D1: []*

Facility D2: []*

Facility D3: []*

Facility D4: []*

Facility D5: []*

Additional Facility: []*

2. Terms defined in the above Credit Agreement have the same meaning in this notice.

By:

[BORROWER]

SCHEDULE 5
FORMS OF ACCESSION DOCUMENTS
PART 1
NOVATION CERTIFICATE

To: [] as Facility Agent and [BORROWER]

From: [THE EXISTING LENDER] and [THE NEW LENDER] Date: []

UPC Broadband Holding B.V.—€1,072,000,000 Term Credit Agreement dated [] January, 2004 (the Credit Agreement)

We refer to Clause 26.3 (Procedure for novations) of the Credit Agreement and clause 9.3 (Transfers by the Lenders) of the Security Deed. Terms defined in the Credit Agreement have the same meaning in this Novation Certificate.

1. We [] (the **Existing Lender**) and [] (the **New Lender**) agree to the Existing Lender and the New Lender novating all the Existing Lender's rights and obligations referred to in the Schedule in accordance with Clause 26.3 (Procedure for novations) of the Credit Agreement and clause 9.3 (Transfers by the Lenders) of the Security Deed.
2. On the date on which this novation becomes effective in accordance with Clause 26.3 (Procedure for novations), the New Lender represents and warrants to the Existing Lender, the Finance Parties and UPC Broadband that it is [a Professional Market Party]/[exempted from the requirement to be a Professional Market Party because it forms part of a closed circle (*besloten kring*) with UPC Broadband]. The specified date for the purpose of Clause 26.3(c) (Procedure for novations) is [].(1)

-
- (1) This representation will be made (and novation will become effective) on the later of the specified date, five Business Days after receipt of a Verification Letter accompanied by a Novation Certificate by the Existing Lender and the New Lender and the date of execution of the Novation Certificate by the Facility Agent.
 3. The New Lender represents that it is in compliance with Clause 26.2(a)(ii) (Transfers by Lenders) [by entering into a Relevant Facility B Sub-participation Agreement with the Existing Lender/*insert details of compliance*].
 4. The Facility Office and address for notices of the New Lender for the purposes of Clause 32.2 (Addresses for notices) are set out in the Schedule.
 5. This Novation Certificate may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Novation Certificate.
 6. This Novation Certificate is governed by English law.

Rights and obligations to be novated

[Details of the rights and obligations of the Existing Lender to be novated.]

[New Lender]

[Facility Office Address for notices for administrative purposes

Address for notices for credit purposes]

[Existing Lender]

[New lender]

[]

By:

By:

By:

Date:

Date:

Date:

PART 2
SUB-PARTICIPATION AGREEMENT

Date:

GRANTOR:

PARTICIPANT:

This Funded Participation is entered into between the Grantor and the Participant (acting directly or through their respective agents).

On and from the Settlement Date the Grantor grants to the Participant a participation under which (amongst other things) the Participant undertakes to pay to the Grantor, on the Settlement Date, the Settlement Amount in order to enable the Grantor to fund part of the Facility B Loans subject to:

- (a) the terms and conditions annexed hereto; and
- (b) the schedule annexed hereto;

both of which are incorporated herein by reference.

The Grantor

[]
By:

The Participant

[]
By:

THE SCHEDULE

Credit Agreement Details

Borrower(s):	UPC Broadband Holding B.V. (" UPC Broadband ")
Credit Agreement Dated:	26th October, 2000 (as amended from time to time)
Guarantor(s):	The Guarantors listed in Part 1 of Schedule 1 to the Credit Agreement, together with any Additional Guarantors
Agent Bank:	TD Bank Europe Limited
Security:	Yes (as constituted by the Security Documents)
Total Facility Amount:	€3,595,000,000 and US\$347,500,000
Governing Law:	English
Additional Information:	

Participation Details:

Participated Tranches/Facilities:	each of the Facility B Repayment Instalments which are scheduled to be paid by the Borrower on the following Repayment Dates for Facility B (each a " Relevant Facility B Repayment Date "):
	[] 31st December, 2004
	[] 30th June, 2005
	[] 31st December, 2005
	[] 30th June, 2006
	[] 31st December, 2006

	<i>[tick the dates of the Facility B Repayment Instalments which correspond to the Utilisation Dates of the Facility D Commitments under the New Facility Agreement that are being assigned, transferred or novated to the Participant (the "Traded Facility D Commitments") at the same time as this Funded Participation is entered into.]</i>
Name of Tranche/Facility:	Facility B
Nature (Revolving or Term):	Term
Contractual Margin(2):	[]
Recurring Fees:	[]
Final Maturity:	For each Participated Tranche, the Relevant Facility B Repayment Date
Participation Commitment:	<i>[for each Participated Tranche, insert amount of the Participated Tranche which is to be sub-participated to the Participant under this Funded Participation]</i>
Settlement Date	<i>[this must match the date of the assignment, transfer or novation of the Traded Facility D Commitments]</i>

Details of outstanding Facility B Loans(1)

Specify in respect of each Facility B Loan:

Drawn amount:	[]
Tranche/Facility:	Facility B
Nature:	Term

Costs and Expenses

For account of Grantor and Participant in accordance with Clause 13(d)

Administration Details

Grantor's Receiving Account:

Participant's Receiving Account:

Addresses	
Grantor	Participant
[]	[]
Address:	Address:
Telephone:	Telephone:
Facsimile:	Facsimile:
Telex:	Telex:
Attn/Ref:	Attn/Ref:

Process Agent

Grantor

Participant

(2)

As at the date of the Funded Participation

These are the Terms and Conditions applicable to the funded participation including the Schedule thereto (the **Funded Participation**) to which they are annexed.

1. INTERPRETATION

1.1 Definitions

In these Terms and Conditions words and expressions shall (unless otherwise expressly defined herein) bear the meaning given to them in the Schedule or (as applicable) the Credit Agreement and:

Borrower means UPC Broadband;

Business Day means a day (other than a Saturday or Sunday) on which banks generally are open for business in any financial centre appropriate for the transaction described in the Funded Participation;

Commitment means, in relation to any Participated Tranche at any time, the amount of the relevant Facility B Repayment Instalment which at that time is scheduled to be paid to the Grantor on the Relevant Facility B Repayment Date;

Credit Documentation means the Credit Agreement, together with all schedules and appendices thereto, any amendments or variations thereto and all ancillary guarantee and security documentation;

General Debt Restructuring means any rescheduling, restructuring or re-organisation of the indebtedness (or of any class of the indebtedness) of any Obligor which satisfies the following tests:

- (a) the holders of more than half of that indebtedness or of any class of that indebtedness participate in or agree to the same; and
- (b) the same arises in relation to any actual or purported insolvency, payments difficulty, moratorium, exchange control or transfer restrictions, withholding of foreign currency payments or similar circumstance;

Guarantor means any person who has given a guarantee, indemnity, security interest or other assurance against loss to the Grantor (or any person acting on the Grantor's behalf) in respect of any obligations of the Borrower to the Grantor in relation to any Participated Tranche or Facility B Loan;

Interest means, unless the context otherwise requires, all interest received by or accruing to the Grantor in respect of any Facility B Loan;

Facility B Loan means the principal amount of any borrowing made by UPC Broadband from the Grantor under Facility B (including interest compounded thereunder and treated as principal) or the principal amount outstanding of that borrowing;

New Facility Agreement means the €1,072,000,000 facility agreement dated [] made between, *inter alia*, UPC Broadband as borrower, TD Bank Europe Limited as facility agent and security agent and the banks and financial institutions listed therein, as amended from time to time;

Obligor means any Borrower or Guarantor;

Participant's Facility B Proportion means the proportion (expressed as a percentage) borne by the aggregate of the Participation Commitments to the aggregate of all the Grantor's drawn Facility B Commitments from time to time under the Credit Agreement;

Participant's Global Proportion means the proportion (expressed as a percentage) borne by the aggregate of the Participation Commitments to the aggregate of all the Grantor's drawn and undrawn commitment from time to time under the Credit Agreement;

Participant's Proportion means, in relation to any Participated Tranche, the proportion (expressed as a percentage) borne by the relevant Participation Commitment to the relevant Commitment;

Participated Tranche means any Facility B Repayment Instalment in respect of which the Participant is granted a participation under the Funded Participation, as set out in the Schedule;

Participation means the participation in the funding of the Facility B Loans accepted by the Participant under the Funded Participation;

Participation Commitment means, in relation to a Participated Tranche, the amount specified as such in the Schedule less an amount equal to the Participant's Proportion of any amount of the relevant Facility B Repayment Instalment permanently prepaid and cancelled from time to time pursuant to the Credit Agreement;

Party means a party to the Funded Participation;

[Pricing Letter means the letter agreement between the Parties dated the date of the Funded Participation and containing, among other things, details of the Settlement Amount and Traded Margin(s);]

Purchased Assets means the Facility B Loans and related rights of the Grantor under Facility B, as set out in the Credit Documentation, to the extent that such Facility B Loans and other rights form part of this Funded Participation, together with and subject to the obligations and liabilities of the Grantor under the Credit Documentation attributable to such Facility B Loans (together with corresponding rights under any ancillary guarantee or security);

Receiving Account means the account of a Party designated as its Receiving Account as specified in the Schedule;

Relevant Period means in respect of any Facility B Loan which is outstanding on the Settlement Date, any period which commences on or after the Settlement Date or, in relation to any period which commences before the Settlement Date, that part of such period which falls on or after that date;.

Settlement Amount means the amount to be paid by the Participant to the Grantor on the Settlement Date [as specified in the Pricing Letter]; and

Settlement Date means the date specified as such in the Schedule.

1.2 Construction

- (a) In the Funded Participation and these Terms and Conditions unless the contrary intention appears, a reference to:
 - (i) a Clause is a reference to a clause of these Terms and Conditions;
 - (ii) the Schedule is a reference to the schedule to the Funded Participation; and
 - (iii) a person includes its successors and assigns.
- (b) The headings in these Terms and Conditions are for convenience only and are to be ignored in construing them.
- (c) References to any document shall be references to the same as amended, varied, supplemented, replaced and restated in any manner from time to time.

1.3 Third Party Rights

A person who is not a Party has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of the Funded Participation.

2. PARTICIPANT'S SUBSEQUENT OBLIGATIONS

If at any time on or after the Settlement Date a sum falls due from the Grantor under the Credit Documentation and the sum is, in the Grantor's reasonable opinion, attributable in whole or in part to any Facility B Loan, then the Participant shall pay to the account of the Grantor an amount equal to the relevant Participant's Facility B Proportion of such sum in the currency and funds and in the place and time at which the Grantor is required to make the payment under the Credit Documentation.

3. PAYMENTS

3.1 Receipts

The Grantor shall be entitled to receive, recover and retain all principal, interest and other money payable under the Credit Documentation in relation to each Participated Tranche.

3.2 Payments

Subject to compliance by the Participant with its obligations under the Funded Participation, on and after the Settlement Date the Grantor shall, upon applying any amount actually received by it in respect of any Facility B Loan or Facility B Commitment (whether by way of actual receipt, the exercise of any right of set-off or otherwise), pay to the Participant:

- (a) if that amount is applied against the outstanding principal amount of a Facility B Repayment Instalment due on a Relevant Facility B Repayment Date, an amount equal to the relevant Participant's Proportion of the amount applied by the Grantor;
- (b) if that amount is applied in satisfaction of Interest accruing on a Facility B Loan (or default interest accruing on a Facility B Loan, on any Interest or on any other amount in respect of which the Participant has made a payment under Clause 2) in respect of any Relevant Period, an amount equal to the relevant Participant's Facility B Proportion of the amount so applied; and
- (c) if that amount is applied in respect of any commission, fees or any other amount relating to any Facility B Loan or any Facility B Commitment in respect of any Relevant Period (except any underwriting or arrangement or other non-recurring fees), an amount equal to the relevant Participant's Facility B Proportion of the amount so applied.

3.3 Non-attributable sums

If any sum which is received or recovered under the Credit Documentation is not attributable to any particular amount due under the Credit Documentation, that sum will be applied (after payment of any expenses incurred in its collection) by the Grantor towards such obligations of the relevant Obligor as it may determine.

4. PAYMENTS ADMINISTRATION

4.1 Place

All payments or deposits by either Party to, or with, the other under the Funded Participation shall be made to the Receiving Account of that other Party. Each Party may designate a different account as its Receiving Account for payment by giving the other not less than five Business Days notice before the due date for payment.

4.2 Funds and currency

- (a) Subject to paragraph (b) below, payments under the Funded Participation shall be made in the currency in which the amount is denominated for value on the due date at such times and in such funds as are customary at the time for settlement of transactions in that currency.
- (b) Where the Grantor's obligation to make a payment under the Funded Participation arises from receipt or recovery of an amount pursuant to the Credit Documentation the Grantor shall make the payment in the currency and funds in which those monies were received or recovered and, if that currency is not the currency of the country where the designated Receiving Account of the Participant is located, it shall be made to the account of the Participant in the principal financial centre of the country of that currency specified by the Participant.

4.3 Set-off and counterclaim

All payments by a Party shall be made without set-off or counterclaim other than in respect of amounts which are due to that Party under the Funded Participation.

4.4 Withholding

- (a) All payments by the Grantor under the Funded Participation shall be made net of any deduction or withholding required to be made from such payments by any law, regulation or practice. If any such deduction or withholding is made, the Participant shall bear the risk of such deduction or withholding and shall be deemed to have received the amount that it would have received if such deduction or withholding had not been made.
- (b) All payments by the Participant under the Funded Participation shall be made free and clear of any deduction or withholding save for such deduction or withholding as may be required to be made from such payments by any law, regulation or practice. If any such deduction or withholding is made or is required to be made the Participant shall increase the amount to be paid to the Grantor to ensure that the Grantor receives and retains a sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or required to be made.
- (c) Both the Grantor and the Participant shall use their reasonable endeavours to avoid any obligation to make any such deduction or withholding as is referred to in Clause 4.4(a) and (b).

4.5 Failure to remit

The Grantor shall not be (i) responsible for any loss or liability arising out of its failure, or the failure of its relevant branch, owing to causes outside its control (such as, but not limited to, the imposition of foreign exchange restrictions) to remit to the Participant any amount due to it under the Funded Participation or (ii) save as otherwise provided below or in Clause 4.6, liable to remit to the Participant any amount greater than the relevant Participant's Proportion of any amount it receives from any Obligor in respect of any Participated Tranche (in the case of principal amounts) or the relevant Participant's Facility B Proportion of any amount if received from any Obligor in respect of any Facility B Commitment or Facility B Facility B Loan (in all other cases). If the Grantor fails to make a payment to the Participant for the reasons set out in paragraph (i), then interest shall accrue (as well after as before judgment) on the unpaid balance of the sum from day to day at the rate (as determined by the Participant) which is being offered by leading banks in the relevant interbank market for overnight deposits in the currency of and for an amount equal to the unpaid balance. Interest shall be payable by the Grantor at the end of each day and, for the purposes of this Clause 4.5, shall constitute part of the unpaid balance to the extent it is not paid.

4.6 Default interest

If either party (the **payer**) fails to pay in full any sum due from it under the Funded Participation to the other party (the **payee**) on the due date for payment of the sum, then interest shall accrue (as well after as before judgment) on the unpaid balance of the sum from day to day at a rate which is two per cent. per annum over the rate (as determined by the payee) which is being offered by leading banks in the relevant interbank market for overnight deposits in the currency of and for an amount equal to the unpaid balance. Interest shall be payable by the payer at the end of each day and, for the purposes of this Clause 4.6, shall constitute part of the unpaid balance to the extent it is not so paid.

5. INFORMATION

To the extent that it is lawfully able to do so without breaching any duty of confidentiality or other obligation owed to any person, the Grantor shall promptly provide the Participant with copies of all communications and documents it receives under the Credit Documentation.

6. NON-RELIANCE AND INDEPENDENT INVESTIGATION

6.1 Independent investigation

Each Party acknowledges to the other that it is a sophisticated Participant or Grantor (as the case may be) with respect to the Funded Participation and has such information as it deems appropriate under the circumstances (however obtained), concerning for example the business and financial condition of the Obligor(s) under the Credit Agreement, to make an informed decision regarding the transaction. Each of the Participant and the Grantor hereby agrees that it has independently made its own analysis (including its own tax analysis) and decision to enter into the Funded Participation, based on such information as it has deemed appropriate under the circumstances, and without reliance on the other Party (except for reliance on any express representation made by the other Party hereunder).

6.2 Non-reliance

In addition, the Grantor does not make, and the Participant does not rely upon, any representation, warranty or condition (express or implied) about, and the Grantor shall have no liability or responsibility to the Participant for, the effectiveness, validity or enforceability of the Credit Documentation, or other documentation delivered by the Grantor to the Participant, or any of the terms, covenants or conditions contained in the Credit Documentation or other documentation, or any non-performance by any party to it, or the financial condition of any Obligor under the Credit Documentation.

6.3 No obligation to support losses

The Grantor notifies the Participant and the Participant acknowledges that:

- (a) the Grantor shall have no obligation to repurchase or reacquire all or any part of the Purchased Assets from the Participant or to support any losses directly or indirectly sustained or incurred by the Participant for any reason whatsoever, including the non-performance by any Obligor under the Credit Documentation of its obligations thereunder (other than any loss caused by the gross negligence or wilful default of the Grantor in performing its obligations under the Funded Participation); and
- (b) any rescheduling or renegotiation of the Purchased Assets shall be for the account of, and the responsibility of, the Participant, who will be subject to the rescheduled or renegotiated terms.

6.4 Information

Each of the Participant and Grantor acknowledges that the other may possess material information not known to it. Each agrees that the other shall have no liability with respect to the non-disclosure of any such information except to the extent that such information renders inaccurate an express representation made pursuant to the Funded Participation by the party possessing such information.

7. REPRESENTATIONS AND UNDERTAKINGS

7.1 General representations and undertakings

Each of the Participant and the Grantor represents and undertakes to the other that:

- (a) it is duly organised and validly existing under the laws of the jurisdiction in which it is incorporated;
- (b) it has the power to enter into the transaction and to execute and deliver the Funded Participation;
- (c) its obligations hereunder constitute legal, valid, binding and enforceable obligations (subject to applicable bankruptcy, reorganisation, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application); and
- (d) in the case of the Participant only, it will not use any information received by it from the Grantor in relation to the Obligors, or the Purchased Assets for any unlawful purpose or in breach of any confidentiality agreement entered into by it in connection with the transaction.

7.2 Grantor's additional representations and undertakings

The Grantor represents and undertakes to the Participant that:

- (a) as at the Settlement Date it will own beneficially all the Purchased Assets to be participated hereunder free from any rights of set-off in favour of any Obligor or any lien, security interest or other encumbrance, any purchase or option agreement or arrangement, or any agreement to create or effect any of the same, and it will not be in default of any of its obligations in relation to the Purchased Assets or the Credit Documentation;
- (b) so far as it is aware, no decision has been taken by the banks party to the Credit Documentation to accelerate or enforce their rights under the Credit Documentation and no amount of principal or interest is due and unpaid under the Credit Documentation;
- (c) save only where the Participant is a party to the Credit Documentation or where the Participant has confirmed to the Grantor that the Participant has a copy of the Credit Documentation, it has furnished to the Participant, or will furnish to the Participant prior to the Settlement Date, a true and complete copy of the Credit Documentation; and
- (d) save as otherwise specified hereunder and subject to the obtaining of any necessary consents, all rights and benefits and, where applicable, all obligations under the Credit Documentation are to be the subject of the Funded Participation where such rights, benefits and obligations are capable of so being and the entry into, the performance of its obligations and the exercise of its rights under the Funded Participation will not breach any provision of the Credit Documentation.

7.3 Survival of representations

All express representations made by the parties pursuant hereunder shall survive the execution and delivery of the Funded Participation.

8. STATUS OF PARTICIPATION

8.1 Status of Participation

- (a) The Grantor does not transfer or assign any rights or obligations under the Credit Documentation and the Participant will have no proprietary interest in the benefit of the Credit Documentation or in any monies received by the Grantor under or in relation to the Credit Documentation;
- (b) The relationship between the Grantor and the Participant is that of debtor and creditor with the right of the Participant to receive monies from the Grantor restricted to the extent of an amount equal to the relevant portion of any monies received by the Grantor from any Obligor;
- (c) The Participant shall not be subrogated to or substituted in respect of the Grantor's claims by virtue of any payment under the Funded Participation and the Participant shall have no direct contractual relationship with or rights against any Obligor;
- (d) Nothing in the Funded Participation constitutes the Grantor as agent, fiduciary or trustee for the Participant;
- (e) Nothing in the Funded Participation shall place the Grantor under an obligation to enquire as to the occurrence or otherwise of an event of default under the Credit Documentation;
- (f) Nothing in the Funded Participation shall place the Grantor under an obligation to exercise any rights of set-off it may have against any Obligor; and
- (g) The Grantor's obligations hereunder shall be subject to its obligations under the Credit Documentation.

8.2 Credit Documentation

Subject to the proviso contained in Clause 11.5 the Grantor may, without responsibility to the Participant:

- (a) exercise or refrain from exercising any or all of its rights, powers and discretions arising under or in connection with the Credit Documentation;
- (b) agree to any variation or waiver of the terms of the Credit Documentation;
- (c) and perform any other acts under the Credit Documentation as it in its discretion sees fit.

except that the Grantor shall not, without the prior written consent of the Participant, take such action as would result in or any variation to any Relevant Facility B Repayment Date, or any variation to an amount or a change in the currency of, any Facility B Repayment Instalment scheduled to be paid on such date.

9. CONFIRMATION OF RECEIPTS

Where the obligation of the Grantor to make a payment arises as a result of its having received an amount from another person, the Grantor is not obliged to make that payment to the Participant until the Grantor has established that it has actually received that amount. However, the Grantor may assume that the sum has been paid to it in accordance with the Credit Documentation, and, in reliance on that assumption, make available to the Participant a corresponding amount or the relevant portion thereof. If the sum has not been made available but the Grantor has paid a corresponding amount or the relevant portion thereof to the Participant, the Participant shall forthwith on demand by the Grantor refund the corresponding amount or the relevant portion thereof together with interest on that amount from the date of payment to the date of refund, calculated at a rate reasonably determined by the Grantor to reflect its costs of funds.

10. REFUNDS

- (a) If the Grantor applies any amount in or towards satisfaction of an Obligor's obligations under the Credit Documentation and the Grantor is, as a result of the application or any payment to the Grantor giving rise to the application, obliged by any law, rule or regulation to make any payment to any person, then the Participant shall, upon demand by the Grantor, repay to the Grantor a corresponding portion of any amount paid to the Participant as a result of the application.
- (b) If under any pro rata sharing, loss-sharing or similar clause in the Credit Documentation, the Grantor is obliged:
 - (i) to pay a sum to other lenders or their agent under the Credit Documentation; or
 - (ii) to acquire an interest in any sum owing to any other lender under the Credit Documentation; or
 - (iii) otherwise to share any receipts or recoveries by the Grantor under the Credit Documentation,
- (c) then the Grantor shall not be deemed for the purposes of the Funded Participation to have received any sum from an Obligor to the extent of that payment, interest acquired or sharing. Any interest acquired shall be deemed to be part of the relevant Facility B Loan, if applicable.

11. GENERAL DEBT RESTRUCTURING

11.1 Risk

The Participant will bear the risk of any General Debt Restructuring in relation to the Participation.

11.2 Blocked payments

- (a) Subject to paragraph (b) below, the Grantor shall not be obliged to make any payment to the Participant under the Funded Participation in respect of:
 - (i) any sum which is paid into a blocked account or is paid in non-transferable or non-convertible currency until that impediment is removed;
 - (ii) any sum which is required to be used for a specific purpose pursuant to a General Debt Restructuring; or
 - (iii) any financial or other instrument issued to the Grantor, (including any instrument issued pursuant to Clause 11.3 (Other instruments)) in either case in satisfaction or purported satisfaction of any obligation of an Obligor to make any payment with respect to any Participated Tranche or Facility B Loan (which payment, if made to the Grantor in the manner provided for in the Credit Documentation, would have given rise to a liability on the part of the Grantor to make a corresponding payment to the Participant under the Funded Participation) unless and until such instrument is disposed of, redeemed or otherwise realised for cash and where the proceeds of realisation are not themselves subject to this paragraph (a).
- (b) The Grantor will endeavour (at the expense of the Participant) to give the Participant the equivalent pro rata benefit of any sum (including, without limitation, any amounts received in cash) or instrument referred to in paragraph (a) above (by way of assignment or otherwise) to the extent that the Grantor is able to do so and to the extent that the same is, in the Grantor's reasonable opinion, attributable to the Participant's Participation in relation to any Participated Tranche (in the case of principal amounts) or the Participant's Facility B Participation in relation to any Facility B Loan (in all other cases).

11.3 Other instruments

The Grantor may, in connection with any General Debt Restructuring, apply for or accept any note, debenture or other instrument whether debt, equity or otherwise issued or proposed to be issued by an Obligor or any other person in respect of any Participated Tranche or Facility B Loan or any part thereof, or any Interest, commission or fees payable in respect of any Participated Tranche or Facility B Loan or any part thereof.

11.4 Rescheduling agreement

Subject as provided herein, the Grantor may participate in any agreement in connection with a General Debt Restructuring and which relates to any principal of, Interest on or fees in respect of, any Participated Tranche or Facility B Loan. The Grantor shall give to the Participant the benefit of the agreement on the same terms (*mutatis mutandis*) as the Funded Participation to the extent that payments received and applied by the Grantor under the agreement are in the Grantor's reasonable opinion attributable to the Participant's Participation in relation to any Participated Tranche (in the case of principal amounts) or the Participant's Facility B Participation in relation to any Facility B Loan (in all other cases).

11.5 New money

If, in connection with any General Debt Restructuring, the Grantor agrees to increase its exposure (whether by way of additional advances or otherwise), the Grantor shall not be obliged to account to the Participant under the Funded Participation until that increased exposure has been paid and satisfied unless the Participant participates in the increased exposure on the terms of the Funded Participation (*mutatis mutandis*) Provided that, notwithstanding any other provision of these Terms and Conditions the Participant shall have no obligation to participate in any such increased exposure whether in connection with any General Debt Restructuring or otherwise.

12. SET-OFF

Either Party may (but is not obliged to) set off any amount due and payable by the other Party under the Funded Participation against any such amounts due and payable by it to the other Party thereunder. The Party exercising its rights under this provision may effect such currency exchanges as it considers necessary to implement the set off.

13. EXPENSES AND INDEMNITY

- (a) Subject to paragraph (b) below, if the Grantor incurs any costs or expenses in connection with the Credit Documentation (other than any costs or expenses in connection with the preparation and negotiation of the Credit Documentation and other than the Grantor's normal administrative costs and expenses prior to the occurrence of an Event of Default under the Credit Documentation) which are not recovered from the relevant Obligor on demand (**Relevant Costs and Expenses**), then the Participant shall forthwith on demand pay to the Grantor an amount equal to the Participant's Global Proportion of the Relevant Costs and Expenses.
- (b) The Grantor shall pay to the Participant the Participant's Global Proportion of any amounts subsequently recovered by the Grantor in respect of any Relevant Costs and Expenses.
- (c) At the request of the Participant, the Grantor shall provide to the Participant as soon as possible reasonably detailed information regarding any Relevant Costs and Expenses incurred by the Grantor.
- (d) Unless otherwise specified in the Schedule each of the Participant and the Grantor shall bear its respective out-of-pocket costs and expenses (including legal expenses) in connection with the Funded Participation.

- (e) Each Party (the **Indemnifying Party**) shall, forthwith on demand, indemnify the other Party against any loss or liability (other than any loss or liability resulting from the gross negligence or wilful misconduct of the other Party) which the other Party incurs as a consequence of any breach by the Indemnifying Party of its obligations under the Funded Participation.

14. ASSIGNMENT AND TRANSFER

- (a) The Funded Participation shall be binding upon and enure to the benefit of each Party and their respective successors and permitted assigns and transferees provided that neither Party may assign or transfer its rights under the Funded Participation unless:
 - (i) the prior written consent of the other Party is given; or
 - (ii) in the case of a transfer by the Participant, at the same time that the proposed assignment or transfer takes place, there is an assignment or transfer of an amount of its undrawn Facility D Commitment under the New Facility Agreement to the extent necessary for the Participant to be in compliance with the clause 26.2 (Transfers by Lenders) of the New Facility Agreement.
- (b) The Participant may not sub-participate its interest in this Funded Participation.

15. NOVATION

Subject to the consent of the Grantor (not to be unreasonably withheld (and the Participant acknowledges that, in determining whether to grant or refuse consent, a relevant factor may be the creditworthiness of the proposed Transferee)) the Participant may transfer its rights and obligations under the Funded Participation to a third party (a **Transferee**) by delivery to the Grantor of a Novation Certificate in the form annexed hereto duly completed and signed by the Participant and the Transferee and with effect from the date of receipt by the Grantor, or, if later, the date specified in such certificate:

- (a) the Grantor and the Participant shall each be released from further obligations to the other and their respective rights against each other shall be cancelled;
- (b) the Grantor and the Transferee shall assume obligations towards each other and acquire rights against each other which differ from the rights and obligations so discharged only insofar as the Grantor and the Transferee have assumed and/or acquired the same in place of the Grantor and the Participant; and
- (c) the Transferee shall become a party hereto as the **Participant**.

16. TERMINATION

16.1 CANCELLING THE FUNDED PARTICIPATION

If the Participant breaches any of its material obligations under the Funded Participation, the Grantor shall (subject to Clause 16.2 (Corresponding transfer of Facility D) below) have the right to cancel the Funded Participation by paying to the Participant an amount equal to the relevant Participant's Proportion of each Facility B Repayment Instalment funded by the Participant and once such payment has been made all rights and obligations of each Party hereunder (other than accrued claims and liabilities including, without limitation, any rights of the Participant in respect of accrued interest, commission and fees) shall be cancelled and shall have no further force or effect.

16.2 Corresponding transfer of Facility D

If the Grantor cancels the Funded Participation as set out in Clause 16.1 (Cancelling the Funded Participation) the Participant shall, at the same time, transfer by way of novation to the Grantor its undrawn Facility D Commitment under the New Facility Agreement (if any) in an amount

necessary for the Grantor to be in compliance with clause 26.2 (Transfers by Lenders) of the New Facility Agreement following such transfer.

17. NOTICES

17.1 Giving of notices

All notices or other communications under or in connection with the Funded Participation shall be given in writing and, unless otherwise stated, may be made by telex or facsimile. Any such notice will be deemed to be given as follows:

- (a) if by letter, when delivered personally or on actual receipt; and
- (b) if by facsimile or e-mail when received in legible form.

However, a notice given in accordance with the above but received on a non-Business Day or after business hours in the place of receipt will only be deemed to be given on the next Business Day in that place.

17.2 Addresses for notices

The address, telex number and facsimile number of each Party for all notices under or in connection with the Funded Participation are those set out in the Schedule or any other notified by that Party for this purpose to the other Party by not less than five Business Days notice.

18. CONFIDENTIALITY

- (a) Either Party shall be permitted to make any disclosures regarding the terms of the Funded Participation (other than the identity of the counterparty) subject to the requirements of law or regulation or of the Credit Documentation.
- (b) The Participant undertakes to keep confidential all information it receives from the Grantor hereunder or otherwise to the extent required by the Credit Documentation.
- (c) If there is any inconsistency between this clause and any confidentiality agreement entered into between the parties, the terms of that confidentiality agreement shall prevail.

19. FURTHER ASSURANCE

Each Party agrees, at its own expense, to take any further action and to execute any further documents and/or instruments as the other may reasonably request to give effect to the Funded Participation.

20. EXECUTION IN COUNTERPARTS AND BY FAX

- (a) The Funded Participation may be executed in any number of counterparts and by the parties hereto on separate counterparts each of which, when executed and delivered, shall constitute an original, but all the counterparts shall together constitute but one and the same instrument.
- (b) Transmission by fax of an executed counterpart of the Funded Participation shall be deemed to constitute due and sufficient delivery of such counterpart. The Participant and the Grantor shall deliver to each other an original counterpart of the Funded Participation.

21. GOVERNING LAW AND JURISDICTION

- (a) The Funded Participation shall be governed by and construed in accordance with the laws of England, and the parties submit to the non-exclusive jurisdiction of the English courts.
- (b) Each Party which is not incorporated in the United Kingdom irrevocably appoints the person specified in the Schedule as process agent to receive on its behalf service of any action, suit or proceedings in connection with the Funded Participation. If any person appointed as process agent

ceases to act for any reason the appointing Party shall notify the other Party and shall promptly appoint another person incorporated within England and Wales to act as its process agent.

ANNEX
FORM OF TRANSFER CERTIFICATE

PARTICIPANT:

Date:

TRANSFeree:

This Transfer Certificate is entered into pursuant to the Funded Participation.

On the Transfer Date, the transfer by way of novation of the Purchased Assets from the Participant to the Transferee on the terms set out herein shall become effective subject to:

- (a) the terms and conditions annexed hereto; and
- (b) the schedule annexed hereto,

both of which are incorporated herein by reference.

The Participant
[]
By:

The Transferee
[]
By:

Funded Participation Details

Grantor:
 Participant:
 Funded Participation Dated:

Credit Agreement Details

Borrower(s): UPC Broadband
 Credit Agreement Dated: 26th October 2000 (as amended from time to time)
 Guarantor(s): The Guarantors listed in Part 1 of Schedule 1 to the Credit Agreement together with any Additional Guarantors
 Agent Bank: TD Bank Security Limited
 Security: Yes (as constituted by the Security Documents)
 Total Facility Amount: €3,595,000,000 and US\$347,500,000
 Governing Law: English
 Additional Information:

Participation Details:

Participated Tranches/Facilities: *[Tick the dates of all the Facility B Repayment Instalments which are the subject of the Funded Participation]*
 [] 31st December, 2004
 [] 30th June, 2005
 [] 31st December, 2005
 [] 30th June, 2006
 [] 31st December, 2006
 Name of Tranche/Facility: Facility B
 Nature (Revolving or Term): Term
 Contractual Margin:(1) % %
 Recurring Fees
 Final Maturity:(1)
 Participation Commitment: *[Specify aggregate amount of the Participant's Participation Commitments]*

Details of outstanding Facility B Loans(3)

Specify in respect of each Facility B Loan:
 Drawn Amount: []
 Tranche/Facility: Facility B
 Nature: Term

Administration Details

Grantor's Receiving Account
 Participant's Receiving Account:

Addresses**Participant**

[]
 Address:

Telephone:
 Facsimile:
 Telex:
 Attn/Ref:

Transferee

[]
 Address:

Telephone:
 Facsimile:
 Telex:
 Attn/Ref:

(3) As at the date of the Transfer Certificate

These are the Terms and Conditions applicable to the transfer certificate including the Schedule thereto (the **Transfer Certificate**) to which they are annexed.

1. INTERPRETATION

In these Terms and Conditions words and expressions shall (unless otherwise expressly defined herein) bear the meaning given to them in the Transfer Certificate or the Funded Participation.

2. TRANSFER

The Participant requests the Transferee to accept and procure the transfer by novation of all of the rights and obligations of the Participant under the Funded Participation (the **Purchased Assets**) by counter-signing and delivering the Transfer Certificate to the Grantor at its address for the service of notice specified in the Funded Participation. On the Transfer Date the Transferee shall pay to the Participant the Settlement Amount [as specified in the pricing letter between the Participant and the Transferee dated the date of the Transfer Certificate] and completion of the transfer will take place.

3. EFFECTIVENESS OF TRANSFER

The Transferee hereby requests the Grantor to accept the Transfer Certificate as being delivered to the Grantor pursuant to and for the purposes of the Funded Participation so as to take effect in accordance with the terms of the Funded Participation on the Transfer Date or on such later date as may be determined in accordance with the terms thereof.

4. TRANSFEREE'S UNDERTAKING

The Transferee hereby undertakes with the Grantor and the Participant that it will perform in accordance with its terms all those obligations which by the terms thereof will be assumed by it after delivery of the Transfer Certificate to the Grantor and satisfaction of the conditions (if any) subject to which the Transfer Certificate is to take effect.

5. EXCLUDED RIGHTS

- (a) If any amount to which the Transferee is entitled pursuant to the Funded Participation is received or recovered by the Participant, the Participant shall forthwith pay an amount equal to such amount to the Transferee for same day value together with interest on it from the date of receipt of the amount to the date of payment, calculated at the overnight rate charged to the Transferee's Receiving Account in respect of each day of that period if the account is or would be in debit and. Pending such payment, the Participant shall hold that amount on trust for the Transferee.
- (b) If any amount to which the Participant is entitled pursuant to the Funded Participation is received or recovered by the Transferee, the Transferee shall forthwith pay to the Participant for same day value an amount equal to such amount together with interest on it from the date of receipt of the amount to the day of payment, calculated at the overnight rate charged to the Participant's Receiving Account in respect of each day of that period if the account is, or would be, in debit and, pending such payment, the Transferee shall hold that amount on trust for the Participant.

6. PAYMENTS

6.1 Place

All payments by either party to the other under the Transfer Certificate shall be made to the Receiving Account of that other party. Each Party may designate a different account as its

Receiving Account for payment by giving the other not less than five Business Days notice before the due date for payment.

6.2 FUNDS

Payments under the Transfer Certificate shall be made in the currency in which the amount is denominated for value on the due date at such times and in such funds as are customary at the time for settlement of transactions in that currency.

6.3 Transferee's Acknowledgments

The Participant notifies the Transferee and the Transferee acknowledges that:

- (a) the Participant shall have no obligation to repurchase or reacquire all or any part of the Purchased Assets from the Transferee or to support any losses directly or indirectly sustained or incurred by the Transferee for any reason whatsoever, including the non-performance by the Grantor under the Funded Participation of its obligations thereunder; and
- (b) any rescheduling or renegotiation of the Purchased Assets shall be for the account of, and the responsibility of, the Transferee, who will be subject to the rescheduled or renegotiated terms.

6.4 Assignment of Rights

The Transfer Certificate shall be binding upon and enure to the benefit of each Party and its successors and permitted assigns provided that neither Party may assign or transfer its rights thereunder without the prior written consent of the other Party.

6.5 Third Party Rights

Unless expressly provided to the contrary in the Transfer Certificate (including, without limitation, these Terms and Conditions) a person who is not a party to the Transfer Certificate has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of the Transfer Certificate (including, without limitation, these Terms and Conditions).

6.6 Governing Law and Jurisdiction

- (a) The Transfer Certificate (including, without limitation, these Terms and Conditions) shall be governed by and construed in accordance with the laws of England, and the parties submit to the non-exclusive jurisdiction of the English courts.
- (b) Each Party irrevocably appoints the person described as process agent (if any) in the Funded Participation to receive service of any action, suit or other proceedings in connection with the Transfer Certificate. If any person appointed as process agent ceases to act for any reason the appointing Party shall notify the other Party and shall promptly appoint another person incorporated within England and Wales to act as its process agent.

PART 3
OBLIGOR ACCESSION AGREEMENT

To: [] as Facility Agent and [] as Security Agent

From: [PROPOSED OBLIGOR]

Date: []

UPC Broadband Holding B.V.—€1,072,000,000 Term Credit Agreement dated [] January, 2004 (the Credit Agreement)

We refer to Clause 26.4 (Additional Obligors). Terms defined in the Credit Agreement have the same meaning in this Deed.

We, [name of company] of [Registered Office] (Registered no. []) agree:

- (a) to become an [Additional Borrower and an Additional Guarantor/Additional Guarantor and to be bound by the terms of the Credit Agreement as an [Additional Borrower and an Additional Guarantor/Additional Guarantor] in accordance with Clause 26.4 (Additional Obligors);
- (b) to become a party to the Security Deed as a Charging Entity and to observe, perform and be bound by the terms and provisions of the Security Deed in the capacity of a Charging Entity in accordance with clause 9.6 (Charging Entities) of the Security Deed; and
- (c) to become a party to the Intercreditor Agreement as a Charging Entity and to observe, perform and be bound by the terms and provisions of the Intercreditor Agreement in the capacity of a Charging Entity in accordance with clause 8.1 of the Intercreditor Agreement.
- (d) [The relevant Additional Facility will be a [€/US\$][] term facility with [] as Lenders].*

* In the case of an Additional Borrower

Our address for notices for the purposes of Clause 32.2 (Addresses for notices) is:

[

]

This Deed is governed by English law.

Executed as a deed by) Director

[PROPOSED OBLIGOR])

acting by) Director/Secretary

and)

PART 4
ADDITIONAL FACILITY ACCESSION AGREEMENT

To: [] as Facility Agent

[] as Security Agent

From: [PROPOSED ADDITIONAL FACILITY LENDER(S)]

Date: []

UPC Broadband Holding B.V.—€1,072,000,000 Term Credit Agreement dated [] January, 2004 (the Credit Agreement)

1. Terms defined in the Credit Agreement shall have the same meaning in this Deed.
2. We refer to Clause 2.2 (Additional Facilities) of the Credit Agreement.
3. We, [Name of Additional Facility Lender(s)] agree:
 - (a) to become party to and to be bound by the terms of the Credit Agreement as [an] Additional Facility Lender(s) in accordance with Clause 2.2 (Additional Facilities); and
 - (b) to become a party to the Security Deed as a Lender and to observe, perform and be bound by the terms and provisions of the Security Deed in the capacity of Lender in accordance with clause 9.3 (Transfers by Lenders) of the Security Deed.
4. On the date on which this agreement becomes effective, the Additional Facility Lender represents to the Finance Parties and UPC Broadband that it is a [Professional Market Party] / [exempted from the requirement to be a Professional Market Party because it forms part of a closed circle (*besloten kring*) with UPC Broadband.
5. Our Additional Facility Commitment is EUR/US\$[].
6. [The Final Maturity Date in respect of our Additional Facility Commitment is []/[Our Additional Facility Commitment will be repaid at a rate of [up to one] per cent. per annum starting on the day falling 12 months from the date of this accession agreement until [] on which date each Advance under this Additional Facility will be repaid in full].
7. The Availability Period in relation to this Additional Facility is [].
8. The Margin in relation to this Additional Facility is [] per annum. [*If applicable set out how the Margin will be adjusted*].
9. The commitment fee in relation to this Additional Facility under Clause 20.1 (Commitment fees) is [] per cent. per annum.
10. [The Borrower in relation to this Additional Facility is [].]
11. Advances under this Additional Facility will be applied [].
12. [This Additional Facility can be re-borrowed in accordance with the terms of the Credit Agreement (as set out in Clause 7.11(d) (Miscellaneous provisions).)]
13. We confirm to each Finance Party that:
 - (i) we have made our own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in the Credit Agreement and have not relied on any information provided to us by a Finance Party in connection with any Finance Document; and

(ii) we will continue to make our own independent appraisal of the creditworthiness of each Obligor and its related entities while any amount is or may be outstanding under the Credit Agreement or any Commitment is in force.

14. The Facility Office and address for notices of the Additional Facility Lender for the purposes of Clause 32.2 (Addresses for notices) is:

[]

15. This Agreement is governed by English law.

[ADDITIONAL FACILITY LENDER(S)]

By:

[] as Facility Agent

By:

UPC BROADBAND HOLDING B.V.

By:

[RELEVANT BORROWER]

By:

PART 5
ADDITIONAL FACILITY D LENDER ACCESSION AGREEMENT

To: [] as Facility Agent
[] as Security Agent

From: [PROPOSED ADDITIONAL D FACILITY LENDER(S)]

Date: []

UPC Broadband Holding B.V.—€1,072,000,000 Term Credit Agreement dated [] January, 2004 (the Credit Agreement)

1. Terms defined in the Credit Agreement shall have the same meaning in this Deed.
2. We refer to Clause 2.8(a) (Additional Facility D Lenders) of the Credit Agreement.
3. We, [Name of Additional Facility D Lender] agree on *[insert date falling prior to the Allocation Date]*:
 - (a) to become party to and to be bound by the terms of the Credit Agreement as an Additional Facility D Lender in accordance with Clause 2.8 (Additional Facility D Lenders); and
 - (b) to become a party to the Security Deed as a Lender and to observe, perform and be bound by the terms and provisions of the Security Deed in the capacity of Lender in accordance with clause 9.3 (Transfers by Lenders) of the Security Deed.
4. On the date on which this agreement becomes effective, the Additional Facility Lender represents to the Finance Parties and UPC Broadband that it is a [Professional Market Party] / [exempted from the requirement to be a Professional Market Party because it forms part of a closed circle (*besloten kring*) with UPC Broadband.
5. The maximum Facility D Commitments are as follows:

Facility D1 €[]

Facility D2 €[]

Facility D3 €[]

Facility D4 €[]

Facility D5 €[]
6. We confirm that the representations in Clause 19.15(b) and (c) (Lenders) are true and correct.
7. [We confirm to each Finance Party that:
 - (i) we have made our own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in the Credit Agreement and have not relied on any information provided to us by a Finance Party in connection with any Finance Document; and
 - (ii) we will continue to make our own independent appraisal of the creditworthiness of each Obligor and its related entities while any amount is or may be outstanding under the Credit Agreement or any Commitment is in force.
8. The Facility Office and address for notices of the Additional Facility D Lender for the purposes of Clause 32.2 (Addresses for notices) is:

[]
9. This Agreement is governed by English law.

[ADDITIONAL FACILITY D LENDER

By:

[] as Facility Agent

By:

UPC BROADBAND HOLDING B.V.

By:

PART 6
FORM OF VERIFICATION LETTER

To: [UPC BROADBAND HOLDING B.V.] / [ADDITIONAL BORROWER]

From: [NEW LENDER] as New Lender / [ADDITIONAL FACILITY LENDER] as Additional Facility Lender]

Date: []

Dear Sirs

UPC Broadband Holding B.V.—€1,072,000,000 Term Credit Agreement dated [] January, 2004 (the Credit Agreement)

We refer to the Credit Agreement. Terms defined in the Credit Agreement have the same meaning in this letter.

[On the date that we become a Lender in accordance with [clause 26.2 (Transfers by Lenders) / clause 2.2 (Additional Facilities) of the Credit Agreement we will be a Professional Market Party, because [name of entity] falls within the category [] set out in the schedule to this letter.]

or

[On the date on which we become a Lender in accordance with [clause 26.2 (Transfers by Lenders) / clause 2.2 (Additional Facilities)] we will be exempted from the requirement to be a Professional Market Party because we form part of a closed circle (*besloten kring*) with [UPC Broadband] / [name of Additional Borrower.]#

[We enclose with this letter a copy of the documents which provide evidence of this status.]* / [We are established in [] and act under the supervision of [].]+

Yours faithfully

[**New Lender**] / [**Additional Facility Lender**]

- # Delete and Complete as applicable.
- * No evidence is required in the case of institutions falling within category (c) of the schedule to this letter.
- + Institutions falling within category (a) of the schedule to this letter, rather than providing documentary evidence, can provide this confirmation.

THE SCHEDULE
THE EXEMPTION REGULATION CATEGORIES

- (a) Banks, insurance companies, securities firms, investment institutions and pension funds that are (i) supervised or licensed under Dutch law or (ii) established and acting under supervision in a European Union member state (other than the Netherlands), Hungary, Monaco, Poland, Puerto Rico, Saudi Arabia, Slovakia, Czech Republic, Turkey, South Korea, the United States of America, Japan, Australia, Canada, Mexico, New Zealand or Switzerland;
- (b) investment institutions which offer their participation rights exclusively to professional market parties and are not required to be supervised or licensed under Dutch law;
- (c) the State of the Netherlands, the Dutch Central Bank, a foreign central government body, a foreign central bank, Dutch regional and local governments and comparable foreign decentralised government bodies, international treaty organisations and supranational organisations;
- (d) enterprises or entities with total assets of at least EUR500,000,000 (or its equivalent in another currency) as per the balance sheet as of the year end preceding the obtaining of the repayable funds;
- (e) enterprises, entities or individuals with net assets (*eigen vermogen*) of at least EUR10,000,000 (or its equivalent in another currency) as of the year end preceding the obtaining of the repayable funds who or which have been active in the financial markets on average twice a month over a period of at least two consecutive years preceding the obtaining of the repayable funds;
- (f) subsidiaries of the entities referred to under paragraph (a) above if those subsidiaries are subject to supervision; and
- (g) an enterprise or institution that has a rating from a rating agency that in the opinion of the Dutch Central Bank is an expert or that issues securities that have a rating from a rating agency that in the opinion of the Dutch Central Bank is an expert.

SCHEDULE 6
FORM OF CONFIDENTIALITY UNDERTAKING

PART 1
FORM OF LMA CONFIDENTIALITY UNDERTAKING

LMA CONFIDENTIALITY LETTER (PURCHASER) [Letterhead of Existing Lender]

To:

[insert name of New Lender]

Re: The Facility

Borrower:
Amount:
Agent:

Dear Sirs

We understand that you are considering participating in the Facility. In consideration of us agreeing to make available to you certain information, by your signature of a copy of this letter you agree as follows:

1. Confidentiality Undertaking

You undertake:

- (a) to keep the Confidential Information confidential and not to disclose it to anyone except as provided for by paragraph 2 below and to ensure that the Confidential Information is protected with security measures and a degree of care that would apply to your own confidential information;
- (b) to keep confidential and not disclose to anyone the fact that the Confidential Information has been made available or that discussions or negotiations are taking place or have taken place between us in connection with the Facility;
- (c) to use the Confidential Information only for the Permitted Purpose;
- (d) to use all reasonable endeavours to ensure that any person to whom we pass any Confidential Information (unless disclosed under sub-paragraph 2(b) below) acknowledges and complies with the provisions of this letter as if that person were also a party to it; and
- (e) not to make enquiries of any member of the Borrower Group or any of their officers, directors, employees or professional advisers relating directly or indirectly to the Facility.

2. Permitted Disclosure

- (a) We agree that you may disclose Confidential Information:
 - (i) to members of the Participant Group and their officers, directors, employees and professional advisers to the extent necessary for the Permitted Purpose and to any auditors of members of the Participant Group;
 - (ii) (A) where requested or required by any court of competent jurisdiction or any competent judicial, governmental, supervisory or regulatory body,
(B) where required by the rules of any stock exchange on which the shares or other securities of any member of the Participant

Group are listed or (C) where required by the laws or regulations of any country with jurisdiction over the affairs of any member of the Participant Group;

(iii) with the prior written consent of us and the Borrower.

(b) Notwithstanding any other provision of this letter, any party to this letter (and any of its affiliates, officers, directors, employees, representatives, professional advisers, or other agents) may and has since the commencement of discussions with respect to the Facility been permitted to disclose to any and all persons, without limitation of any kind:

(i) the U.S. tax treatment and U.S. tax structure (each as defined below) of the Facility: and

(ii) all material of any kind (including opinions and other tax analyses) that are provided to such party relating to such U.S. tax treatment or U.S. tax structure,

except to the extent reasonably necessary to comply with applicable federal or state securities laws.

For the purposes of this subsection, the U.S. tax treatment of the Facility is the purported or claimed U.S. federal, state and local income tax treatment of the Facility, and the U.S. tax structure of the Facility is any fact that may be relevant to understanding the purported or claimed U.S. federal, state and local income tax treatment of the Facility. This authorisation is not intended to permit disclosure of any information (other than information relating to U.S. tax treatment or U.S. tax structure of the Facility) including (without limitation (i) any portion of any materials to the extent not related to the U.S. tax treatment or U.S. tax structure of the Facility, (ii) the identities of participants or potential participants in the Facility (except to the extent such identities are related to the tax treatment or the U.S. tax structure of the Facility), (iii) the existence or status of any negotiations, (iv) any pricing or financial information (except to the extent such pricing or financial information is related to the U.S. tax treatment or the U.S. tax structure of the Facility), or (v) any other term or detail not relevant to the U.S. tax treatment or the U.S. tax structure of the Facility).

3. Notification of Required or Unauthorised Disclosure

You agree (to the extent permitted by law) to inform us of the full circumstances of any disclosure under sub-paragraph 2(b) or upon becoming aware that Confidential Information has been disclosed in breach of this letter.

4. Return of Copies

If we so request in writing, you shall return all Confidential Information supplied to you by us and destroy or permanently erase all copies of Confidential Information made by you and use all reasonable endeavours to ensure that anyone to whom you have supplied any Confidential Information destroys or permanently erases such Confidential Information and any copies made by them, in each case save to the extent that you or the recipients are required to retain any such Confidential Information by any applicable law, rule or regulation or by any competent judicial, governmental, supervisory or regulatory body or in accordance with internal policy, or where the Confidential Information has been disclosed under sub-paragraph 2(b) above.

5. Continuing Obligations

The obligations in this letter are continuing and, in particular, shall survive the termination of any discussions or negotiations between you and us. Notwithstanding the previous sentence, the obligations in this letter shall cease (a) if you become a party to or otherwise acquire (by assignment or sub-participation) an interest, direct or indirect, in the Facility or (b) 12 months after we have returned all Confidential Information supplied to you by us and destroyed or permanently erased all copies of Confidential Information made by you (other than any such Confidential Information or copies which have been disclosed under paragraph 2 above (other

than sub-paragraph 2(a)) or which, pursuant to paragraph 4 above, are not required to be returned or destroyed).

6. No Representation; Consequences of Breach, etc

You acknowledge and agree that:

- (a) neither we nor any of our officers, employees or advisers (each a **Relevant Person**) (i) make any representation or warranty, express or implied, as to, or assume any responsibility for, the accuracy, reliability or completeness of any of the Confidential Information or any other information supplied by us or any member of the Borrower Group or the assumptions on which it is based or (ii) shall be under any obligation to update or correct any inaccuracy in the Confidential Information or any other information supplied by us or any member of the Borrower Group or be otherwise liable to you or any other person in respect to the Confidential Information or any such information; and
- (b) we or members of the Borrower Group may be irreparably harmed by the breach of the terms of this letter and damages may not be an adequate remedy; each Relevant Person or member of the Borrower Group may be granted an injunction or specific performance for any threatened or actual breach of the provisions of this letter by you.

7. No Waiver; Amendments, etc.

This letter sets out the full extent of our obligations of confidentiality owed to us in relation to the information the subject of this letter. No failure or delay in exercising any right, power or privilege under this letter will operate as a waiver thereof nor will any single or partial exercise of any right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privileges under this letter. The terms of this letter and your obligations under this letter may only be amended or modified by written agreement between us.

8. Inside Information

We acknowledge that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation relating to insider dealing and you undertake not to use any Confidential Information for any unlawful purpose.

9. Nature of Undertakings

The undertakings given by you under this letter are given to us and (without implying any fiduciary obligations on our part) are also given for the benefit of the Borrower and each other member of the Borrower Group.

10. Third party rights

- (a) Subject to paragraph 6 and paragraph 9 the terms of this letter may be enforced and relied upon only by you and us and the operation of the Contracts (Rights of Third Parties) Act 1999 is excluded.
- (b) Notwithstanding any provisions of this letter, the parties to this letter do not require the consent of any Relevant Person or any member of the Borrower Group to rescind or vary this letter at any time.

11. Governing Law and Jurisdiction

This letter (including the agreement constituted by your acknowledgement of its terms) shall be governed by and construed in accordance with the laws of England and the parties submit to the non-exclusive jurisdiction of the English courts.

12. Definitions

In this letter (including the acknowledgement set out below):

Borrower Group means UPC Broadband and each of its holding companies and subsidiaries and each subsidiary of each of its holding companies (as each such term is defined in the Companies Act 1985);

Confidential Information means any information relating to a Borrower, the Borrower Group, the Facility including information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes information that (a) is or becomes public knowledge other than as a direct or indirect result of any breach of this letter or (b) is known by you before the date the information is disclosed to you by us or any of our affiliates or advisers or is lawfully obtained by you thereafter, other than from a source which is connected with the Borrower Group and which, in either case, as far as you are aware, has not been obtained in violation of, and is not otherwise subject to, any obligation of confidentiality;

Participant Group means us, each of your holding companies and subsidiaries and each subsidiary of each of your holding companies (as each such term is defined in the Companies Act 1985); and

Permitted Purpose means considering and evaluating whether to enter into the Facility.

Please acknowledge your agreement to the above by signing and returning the enclosed copy.

Yours faithfully

.....

For and on behalf of

[Arranger]

To: [Existing Lender]

The Borrower and each other member of the Borrower Group

We acknowledge and agree to the above:

.....

For and on behalf of

[New Lender]

PART 2
FORM OF LSTA CONFIDENTIALITY UNDERTAKING

Master Confidentiality Agreement dated as of [] (this **Agreement**) between [Existing Lender] (the **Existing Lender**) and [New Lender] (the **New Lender**).

This Agreement sets forth the terms and conditions that will apply, in each instance, to the treatment of certain non-public information that the Existing Lender may supply to the New Lender in connection with the consideration by the New Lender of its participating in any financing or proposed financing (a **Financing**) for any borrower or group of borrowers (each a **Borrower**) specified in a Schedule described below.

As used herein: (a) **Evaluation Material** refers to (i) the non-public information furnished to the Existing Lender, including any Information Memorandum, in respect of a particular Financing of a Borrower that the Existing Lender supplies to the New Lender on or after the date of the Schedule in respect of such Financing, (ii) all memoranda, notes, and other documents and analyses (collectively, **analyses**) internally developed by the Existing Lender that it supplies to the New Lender and (iii) all analyses developed by the New Lender using any information specified under clauses (i) and (ii) above; (b) **Internal Evaluation Material** refers to analyses specified under clause (iii) of the definition of Evaluation Material; and (c) **participation** refers to a transfer of a lender's interest in a Financing (or a grant of derivative rights in respect thereof), whether by assignment, participation or otherwise (and **participate** and **participating** shall have correlative meanings thereto).

As a condition to the Existing Lender's furnishing the New Lender with any Evaluation Material in the Existing Lender's possession in respect of a particular Financing, the New Lender shall execute and return to the Existing Lender a schedule, in substantially the form of Exhibit A attached hereto, that the Existing Lender may have completed, executed and delivered to it (a **Schedule**). Each Schedule shall identify the Existing Lender and the New Lender in respect of such Financing and the related Evaluation Material, the name of each Borrower that the New Lender has under consideration and a description of the documentation (the **Operative Documentation**) in respect thereof.

The New Lender in respect of a particular Financing agrees that it will use all Evaluation Material in respect of such Financing solely for the purpose of evaluating its possible participation, or obtaining the participation of another eligible person (an **Additional Assignee**), in such Financing and that the New Lender will use reasonable precautions in accordance with its established procedures to keep such information confidential; provided, however, that any such information may be disclosed to the partners, directors, officers, employees, agents, counsel, auditors, affiliates, advisors and representatives (collectively, **Representatives**) of the New Lender's institution who need to know such information for the purpose of evaluating its participation in such Financing (it being understood that such Representatives shall be informed by the New Lender of the confidential nature of such information and shall be directed by it to treat such information in accordance with the terms of this Agreement) and to any Additional Assignee and its Representatives (provided that such Additional Assignee shall have previously executed and delivered to the New Lender an agreement in substantially the same substance as this Agreement in respect of the Evaluation Material). The New Lender agrees to be responsible for any breach of this Agreement that results from the actions or omissions of its Representatives. Notwithstanding the foregoing, the New Lender will not use such information to obtain an Additional Assignee if otherwise prohibited by agreements binding on the New Lender.

In addition, the New Lender in respect of a particular Financing agrees that prior to the settlement of its participation in such Financing, it will not disclose to any person, other than its Representatives, the identity of the Existing Lender with which discussions or negotiations are taking place concerning the New Lender's possible participation in the related Financing or any of the terms or conditions of such proposed participation. The term **person** as used in this Agreement shall be broadly interpreted to

include the media and any corporation, partnership, group, individual or other entity and, if the New Lender's participation in the Financing would constitute a secondary market transaction, the Borrower.

The New Lender in respect of a particular Financing shall be permitted to disclose any related Evaluation Material (and the fact that such Evaluation Material has been made available to it and that discussions or negotiations are taking place concerning the transaction or any of the terms, conditions or other facts with respect thereto) in the event that the New Lender is required by law or regulation or requested by any governmental agency or other regulatory authority (including any self-regulatory organization having or claiming to have jurisdiction) or in connection with any legal proceedings. The New Lender agrees that it will notify the Existing Lender as soon as practical in the event of any such disclosure (other than as a result of an examination by any regulatory agency), unless such notification shall be prohibited by applicable law or legal process.

The New Lender in respect of a particular Financing and its Representatives shall have no obligation hereunder with respect to any information in any related Evaluation Material to the extent that such information (i) is or becomes generally available to the public other than as a result of a disclosure by the New Lender in violation of this Agreement, (ii) was within the New Lender's possession prior to its being furnished to it pursuant hereto, provided that the source of such information was not known by the New Lender to be bound by a confidentiality agreement with or other contractual, legal or fiduciary obligation of confidentiality to the Borrower or any other party with respect to such information or (iii) is or becomes available to the New Lender on a non-confidential basis from a source other than the Borrower or the Existing Lender, or their respective Representatives, provided that such source is not known by the New Lender to be bound by a confidentiality agreement with or other contractual, legal or fiduciary obligation of confidentiality to the Existing Lender, the Borrower or any other party with respect to such information.

Notwithstanding any other provision of this letter, any party to this letter (and any of its affiliates, officers, directors, employees, representatives, professional advisers, or other agents) may and has since the commencement of discussions with respect to the Facility been permitted to disclose to any and all persons, without limitation of any kind:

- (i) the U.S. tax treatment and U.S. tax structure (each as defined below) of the Facility; and
- (ii) all material of any kind (including opinions and other tax analyses) that are provided to such party relating to such U.S. tax treatment or U.S. tax structure,

except to the extent reasonably necessary to comply with applicable federal or state securities laws.

For the purposes of this subsection, the **U.S. tax treatment** of the Facility is the purported or claimed U.S. federal, state and local income tax treatment of the Facility, and the **U.S. tax structure** of the Facility is any fact that may be relevant to understanding the purported or claimed U.S. federal, state and local income tax treatment of the Facility. This authorisation is not intended to permit disclosure of any information (other than information relating to U.S. tax treatment or U.S. tax structure of the Facility) including (without limitation) (i) any portion of any materials to the extent not related to the U.S. tax treatment or U.S. tax structure of the Facility, (ii) the identities of participants or potential participants in the Facility (except to the extent such identities are related to the tax treatment or the U.S. tax structure of the Facility), (iii) the existence or status of any negotiations, (iv) any pricing or financial information (except to the extent such pricing or financial information is related to the U.S. tax treatment or the U.S. tax structure of the Facility), or (v) any other term or detail not relevant to the U.S. tax treatment or the U.S. tax structure of the Facility.

To the extent the Operative Documentation for a particular Financing contains provisions regarding the use of non-public information which conflict with, are more restrictive than or are in addition to the provisions of this Agreement, then (so long as such Operative Documentation shall be effective as to the Existing Lender) solely with application to any Evaluation Material concerning the Borrower that is

the subject of such Financing (and without application hereunder to any other Evaluation Material or otherwise), such provisions of the Operative Documentation shall be incorporated herein by this reference and shall supersede and control the terms of this Agreement to the extent that such provisions are in conflict with or more restrictive than the terms hereof or are in addition to those contained herein. Upon the New Lender's request, the Existing Lender will furnish to the New Lender the provisions of the Operative Documentation for such Financing regarding the use of non-public information. In addition, in the event that the New Lender actually becomes a lender (bound as a party to the Operative Documentation) with respect to a particular Financing, the application of this Agreement in respect of all Evaluation Material in respect of such Financing shall terminate and the applicable confidentiality provisions, if any, contained in the Operative Documentation shall govern and control.

If the New Lender in respect of a particular Financing chooses not to participate in such Financing, the New Lender agrees on request of the Existing Lender to return to the Existing Lender as soon as practical all related Evaluation Material (other than Internal Evaluation Material) or destroy such Evaluation Material (other than Internal Evaluation Material) without retaining any copies thereof unless prohibited from doing so by its internal policies and procedures.

The New Lender in respect of a particular Financing understands and agrees that the Existing Lender will have received the related Evaluation Material from third party sources (including the Borrower) and that the Existing Lender bears no responsibility (and shall not be liable) for the accuracy or completeness (or lack thereof) of such Evaluation Material or any information contained therein.

The New Lender hereby acknowledges that United States securities laws prohibit any person with material, non-public information about an issuer from purchasing or selling securities of such issuer or, subject to certain limited exceptions, from communicating such information to any other person. The New Lender agrees to comply with its internal compliance policies and procedures with respect to material confidential information.

The New Lender agrees that money damages would not be a sufficient remedy for breach of this Agreement, and that in addition to all other remedies available at law or in equity, the Existing Lender shall be entitled to seek equitable relief, including injunction and specific performance, without proof of actual damages.

This Agreement (including each Schedule delivered pursuant hereto and the provisions of any Operative Documentation incorporated herein by reference) embodies the entire understanding and agreement between the parties with respect to all Evaluation Material for each Financing and supersedes all prior understandings and agreements relating thereto. Unless otherwise agreed in writing between the parties hereto, the application of this Agreement shall terminate with respect to all Evaluation Material concerning each Financing on the date falling one year after the Schedule in respect of such Financing.

This Agreement shall be governed by and construed in accordance with the law of the State of New York, without regard to principles of conflicts of law (except Section 5-1401 of the New York General Obligation Law to the extent that it mandates that the law of the State of New York govern).

This Agreement may be signed in counterparts, each of which shall be an original and both of which taken together shall constitute the same instrument.

It is understood by the parties that the custom in the loan syndications and loan trading markets is to execute and deliver any confidentiality agreement, schedule, confirmation or other transaction documents by telecopy or telefax. The parties agree that all telecopied or telefaxed copies of this Agreement, the Schedules, confirmations and other transaction documents, and signatures hereto and thereto, shall be duplicate originals.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective authorized officers as of the date first written above.

[Existing Lender]

By:

Name:

Title:

[New Lender]

By:

Name:

Title:

EXHIBIT A

This Schedule, dated as of [], is one of the Schedules referred to in the Master Confidentiality Agreement dated today between [Existing Lender] and [New Lender], Terms used herein, unless defined herein, shall have the respective meanings given them in said Master Confidentiality Agreement.

Name(s) of the Borrower(s): []

Description of the Operative Documentation: []

Existing Lender

[].

By: []

Name:

Title:

Received and accepted as of the date first written above:

New Lender

[].

By: []

Name:

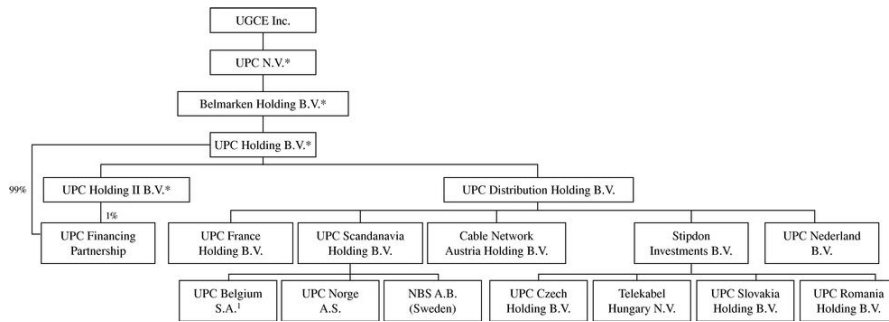
Title:

SCHEDULE 7
SECURITY DOCUMENTS

1. Each share pledge given in favour of the Security Agent by:
 - (a) UPC Holding in respect of its interest in the share capital of UPC Broadband;
 - (b) UPC Holding in respect of its interest in the share capital of UPC Holding II;
 - (c) UPC Broadband in respect of its interest in the share capital of UPC Scandinavia Holding B.V.;
 - (d) UPC Broadband in respect of its interest in the share capital of UPC Austria Holding B.V. (previously called Cable Networks Austria Holding B.V.);
 - (e) UPC Broadband in respect of its interest in the share capital of UPC France Holding B.V.;
 - (f) UPC Broadband in respect of its interest in the share capital of UPC Nederland B.V.;
 - (g) UPC Broadband in respect of its interest in the share capital of UPC Central Europe Holding B.V. (previously called Stipdon Investments B.V.);
 - (h) UPC Scandinavia Holding B.V. in respect of its interest in the share capital of United Pan-Europe Communications Norge AS;
 - (i) UPC Scandinavia Holding B.V. and UPC Austria Holding B.V. (previously called Cable Networks Austria Holding B.V.) in respect of their respective interests in the share capital of UPC Belgium SA;
 - (j) UPC Scandinavia Holding B.V. in respect of its interest in the share capital of NBS Nordic Broadband Services AB;
 - (k) UPC Central Europe Holding B.V. (previously called Stipdon Investments B.V.) in respect of its interest in the share capital of UPC Czech Holding B.V.;
 - (l) UPC Central Europe Holding B.V. (previously called Stipdon Investments B.V.) in respect of its interest in the share capital of UPC Slovakia Holding B.V.;
 - (m) UPC Central Europe Holding B.V. (previously called Stipdon Investments B.V.) in respect of its interest in the share capital of UPC Romania Holding B.V.; and
 - (n) UPC Central Europe Holding B.V. (previously called Stipdon Investments B.V.) in respect of its interests in the share capital of Telekabel Hungary N.V.
 - (o) UPC Broadband in respect of the its interest in the share capital of UPC Poland Holding B.V. (previously called UPC Telecom B.V.).
2. Pledge by each of UPC Holding and UPC Holding II of its partnership interest in UPC Financing.
3.
 - (a) Obligor Pledge of Shareholder Loans between UPC Broadband, UPC Scandinavia Holding B.V., UPC Central Europe Holding B.V. (previously called Stipdon Investments B.V.), UPC Nederland B.V. and UPC Financing Partnership and the Security Agent;
 - (b) Pledge of Subordinated Shareholder Loans between UPC Holding and the Security Agent;
 - (c) Obligor Pledge of Shareholder Loans between UPC Broadband and the Security Agent;
 - (d) Obligor Pledge of Shareholder Loans between UPC Broadband and the Security Agent;
 - (e) Obligor Pledge of Shareholder Loans between UPC Central Europe Holding B.V. (previously called Stipdon Investments B.V.) and the Security Agent;

- (f) Obligor Pledge of Shareholder Loans between Scandinavia Holding B.V. and the Security Agent;
 - (g) Obligor Pledge of Shareholder Loans between UPC Broadband and the Security Agent; and
 - (h) Obligor Pledge of Shareholder Loans between UPC Broadband and the Security Agent in respect of UPC Poland Holding B.V. receivables;
 - (i) Obligor Pledge of Shareholder Loans between UPC Poland Holding B.V. and the Security Agent in respect of UPC Polska LLC receivables;
 - (j) Obligor Pledge of Shareholder Loans between UPC France Holding B.V. and the Security Agent in respect of MediaReseaux receivables; and
 - (k) Obligor Pledge of Shareholder Loans between UPC Broadband and the Security Agent in respect of UPC France Holding SNC receivables.
- 4. Deed of pledge of registered shares in favour of the Security Agent by UPC Broadband over its interest in UGC Europe Holding Services B.V.
 - 5. Bank account pledge between UPC Broadband, Fortis Bank (Nederland) B.V. and the Security Agent.
 - 6. Securities account pledge between UPC Scandinavia Holding B.V., Fortis Bank (Nederland) N.V. and the Security Agent in relation to the shares in the capital of NBS Nordic Broadband AB.

SCHEDULE 8 BORROWER GROUP STRUCTURE



* All the asterisked entities are not part of the Borrower Group at the Signing Date. These entities figure on the chart for the sake of clarification.

1. One share in UPC Belgium S.A. is held by Cable Network Austria Holding B.V.

SCHEDULE 9
SHAREHOLDERS' AGREEMENTS

1. Austria

Syndikatsvereinbarung (shareholders agreement) dated 28th June, 1995 among Österreichische Philips Industrie GmbH, Cable Networks Austria Holding B.V. and Kabel-TV-Wien GmbH. (In English and German).

2. France

Stockholders Agreement dated 29th February, 2000 between Belmarken Holding B.V., InterComm France CVOHA, InterComm France II CVOHA and Reflex Participants.

3. The Netherlands

Shareholders' Agreement, dated 6th July, 1995, among The Municipality of Amsterdam, A2000 Holding N.V. and Kabeltelevisie Amsterdam B.V. (in English).

4. Romania

Partnership Agreement between Comtec 2000, Multicanal Holdings S.R.L. and Control SA.

BORROWER

UPC DISTRIBUTION HOLDING B.V.

By: JEREMY EVANS

DENNIS OKHUIJSEN

Original Guarantors

UPC DISTRIBUTION HOLDING B.V.

By: JEREMY EVANS

DENNIS OKHUIJSEN

UPC HOLDING II B.V.

By: JEREMY EVANS

DENNIS OKHUIJSEN

UPC FINANCING PARTNERSHIP

By: JEREMY EVANS

DENNIS OKHUIJSEN

UPC HOLDING B.V.

By: JEREMY EVANS

DENNIS OKHUIJSEN

UPC FRANCE HOLDING B.V.

By: JEREMY EVANS

DENNIS OKHUIJSEN

UPC SCANDINAVIA HOLDING B.V.

By: JEREMY EVANS

DENNIS OKHUIJSEN

CABLE NETWORK AUSTRIA HOLDING B.V.

By: JEREMY EVANS

DENNIS OKHUIJSEN

STIPDON INVESTMENTS B.V.

By: JEREMY EVANS

DENNIS OKHUIJSEN

UPC NEDERLAND B.V.

By: JEREMY EVANS

DENNIS OKHUIJSEN

Lenders

ARES LEVERAGED INVESTMENT FUND II LP

By: RORY MCCARTHY

(as attorney)

B&W MASTER TOBACCO RETIREMENT

By: RORY MCCARTHY

(as attorney)

BANK OF AMERICA N.A.

By: ERIC CLAUSE

BEAR STEARNS CORPORATE LENDING INC.

By: RORY MCCARTHY

(as attorney)

BNP PARIBAS, BELGIAN BRANCH

By: RORY MCCARTHY

(as attorney)

CANADIAN IMPERIAL BANK OF COMMERCE, LONDON BRANCH

By: JOHN MALET DE CARTERET

CITIBANK N.A.

By: PAUL HOUSE

CREDIT LYONNAIS SA

By: RORY MCCARTHY

(as attorney)

CREDIT SUISSE FIRST BOSTON

By: RORY MCCARTHY

(as attorney)

DEUTSCHE BANK AG

By: RORY MCCARTHY

(as attorney)

DEUTSCHE BANK STRUCTURED PRODUCTS INC.

By: RORY MCCARTHY (as attorney)

FORTIS BANK (NEDERLAND) N.V.

By: RORY MCCARTHY

(as attorney)

GE CAPITAL CORPORATION

By: RORY MCCARTHY

(as attorney)

GOLDEN TREE HY MASTER

By: RORY MCCARTHY

(as attorney)

GOLDEN TREE HY MASTER FUND II

By: RORY MCCARTHY

(as attorney)

GOLDEN TREE HY OPPORTUNITIES I

By: RORY MCCARTHY

(as attorney)

GOLDEN TREE HY OPPORTUNITIES II

By: RORY MCCARTHY

(as attorney)

GOLDEN TREE HY VALUE MASTER FUND

By: RORY MCCARTHY

(as attorney)

GOLDMAN SACHS CREDIT PARTNERS, L.P.

By: JULIAN SALISBURY

ING BANK N.V.

By: RORY MCCARTHY

(as attorney)

JPMORGAN CHASE BANK

By: PETER JAFFE

MOORE US RESTRUCTURING, L.P.

By: RORY MCCARTHY

(as attorney)

MORGAN STANLEY EMERGING MARKETS

By: RORY MCCARTHY

(as attorney)

MORGAN STANLEY SENIOR FUNDING INC

By: RORY MCCARTHY

(as attorney)

MUNICIPAL FIRE AND POLICE RETIREMENT FUND

By: RORY MCCARTHY

(as attorney)

ORN EUROPEAN DEBT FUND L.P.

By: RICHARD BARNES

PERRY PRINCIPALS LLC

By: RORY MCCARTHY

(as attorney)

QDRF MASTER LIMITED

By: RORY MCCARTHY

(as attorney)

QUANTUM PARTNERS LDC

By: RORY MCCARTHY

(as attorney)

SATELLITE SENIOR INCOME FUND LLC

By: RORY MCCARTHY

(as attorney)

SCOTIA BANK EUROPE PLC

By: RORY MCCARTHY

(as attorney)

STRATEGIC VALUE MASTER FUND LTD

By: RORY MCCARTHY

(as attorney)

TORONTO DOMINION (TEXAS), INC.

BY: RORY MCCARTHY

(as attorney)

THE ROYAL BANK OF SCOTLAND PLC

By: RICHARD DORMAN

THE TORONTO-DOMINION BANK

By: RORY MCCARTHY

TRS IO LLC

By: RORY MCCARTHY

(as attorney)

UNIVERSITY OF CHICAGO

By: RORY MCCARTHY

(as attorney)

Facility Agent

TD BANK EUROPE LIMITED

By: RORY MCCARTHY

Security Agent

TD BANK EUROPE LIMITED

By: RORY MCCARTHY

Existing Facility Agents

TD BANK EUROPE LIMITED

By: RORY MCCARTHY

TORONTO DOMINION (TEXAS), INC.

By: RORY MCCARTHY

(as attorney)

BORROWER

UPC BROADBAND HOLDING B.V.

By: Jeremy Evans Dennis Okhuijsen

UPC FINANCING PARTNERSHIP

By: Jeremy Evans Dennis Okhuijsen

Guarantors

UPC BROADBAND HOLDING B.V.

By: Jeremy Evans Dennis Okhuijsen

UPC HOLDING II B.V.

By: Jeremy Evans Dennis Okhuijsen

UPC FINANCING PARTNERSHIP

By: Jeremy Evans Dennis Okhuijsen

UPC HOLDING B.V.

By: Jeremy Evans Dennis Okhuijsen

UPC FRANCE HOLDING B.V.

By: Jeremy Evans Dennis Okhuijsen

UPC SCANDINAVIA HOLDING B.V.

By: Jeremy Evans Dennis Okhuijsen

UPC AUSTRIA HOLDING B.V.

By: Jeremy Evans Dennis Okhuijsen

UPC CENTRAL EUROPE HOLDING B.V.

By: Jeremy Evans Dennis Okhuijsen

UPC NEDERLAND B.V.

By: Jeremy Evans Dennis Okhuijsen

UPC POLAND HOLDING B.V.

By: Jeremy Evans Dennis Okhuijsen

Facility Agent

TD BANK EUROPE LIMITED

By: Rory McCarthy

Security Agent

TD BANK EUROPE LIMITED

By: Rory McCarthy

QuickLinks

[AMENDMENT AND RESTATEMENT AGREEMENT](#)

Allen & Overy LLP

**AMENDMENT AND RESTATEMENT
AGREEMENT**

BETWEEN

UPC BROADBAND HOLDING B.V.

and

UPC FINANCING PARTNERSHIP

as Borrowers

THE COMPANIES LISTED IN SCHEDULE 1

as Guarantors

AND

TD BANK EUROPE LIMITED

and

TORONTO DOMINION (TEXAS), INC.

as Facility Agents

relating to a €3,500,000,000, US\$347,500,000 and €95,000,000

CREDIT AGREEMENT

dated 26th October, 2000

7 March, 2005

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THIS AGREEMENT is dated 7 March, 2005 between:

- (1) UPC BROADBAND HOLDING B.V. (**UPC Broadband**);
- (2) UPC FINANCING PARTNERSHIP (**UPC Financing**);
- (3) THE COMPANIES whose names and addresses are set out in Schedule 1 (Guarantors) as Guarantors;
- (4) TD BANK EUROPE LIMITED and TORONTO DOMINION (TEXAS), INC. as agents (in this capacity the **Facility Agents**); and
- (5) TD BANK EUROPE LIMITED as security agent (in this capacity the **Security Agent**).

BACKGROUND

- (A) This Agreement is supplemental to and amends a credit agreement between, among others, UPC Broadband, UPC Financing and the Facility Agent dated 26th October, 2000 as amended by amendment letters dated 22 July 2004 and 2 December 2004 an amendment and restatement deed dated 24th June, 2004 and as previously amended by an amendment and restatement agreement dated 16th January 2004 and by a series of letters during the period from 1st March, 2002 to 23rd July, 2003 (the **Credit Agreement**).
- (B) The Majority Lenders (as defined in the Credit Agreement) have consented to the amendments and waivers to the Credit Agreement contemplated by this Agreement. Accordingly, the Facility Agent is authorised to execute this Agreement on behalf of the Finance Parties.

IT IS AGREED as follows:

1. INTERPRETATION

1.1 Definitions

- (a) Capitalised terms defined in the Credit Agreement as amended by this Agreement have, unless expressly defined in this Agreement, the same meaning in this Agreement.
- (b) **Effective Date** has the meaning given to it in Clause 2 (Effective Date).

1.2 Construction

- (a) The provisions of Clause 1.2 (Construction) of the Credit Agreement apply to this Agreement as though they were set out in full in this Agreement except that references to the Credit Agreement are to be construed as references to this Agreement.
- (b) Reference is made to Clause 1.4 of the Credit Agreement. References in any of the Finance Documents to the New Facility Agreement shall be references to the New Facility Agreement as amended and restated by the amendment and restatement agreement relating to the New Facility Agreement and dated on or about the date of this Agreement. References in any of the Finance Documents to the New Security Deed are references to the New Security Deed as amended by the amendment and restatement deed dated 24 June 2004.

2. EFFECTIVE DATE

This Agreement will take effect on the date (the **Effective Date**) on which the Facility Agent notifies UPC Broadband and the Lenders that it has received the documents and evidence set out in Schedule 2, in each case in form and substance satisfactory to it or, as the case may be, the requirement to provide any of such documents or evidence has been waived by the Majority Lenders.

3. AMENDMENTS

- (a) Subject as set out in this Agreement, the Credit Agreement will be amended from the Effective Date so that it reads as if it were restated in the form set out in Schedule 3 (Restated Credit Agreement).
- (b) Each Obligor confirms that the Security Interests granted to the Beneficiaries pursuant to the Security Documents and its obligations under the Finance Documents shall continue and remain unaffected by the entry into of this Agreement and shall extend to the liability and obligations of the Obligors to the Finance Parties under the Finance Documents as amended by this Agreement.
- (c) In accordance with Article 1278 of the Belgian Civil Code, each Obligor that is a party to the share pledge listed in paragraph 1(e) of Schedule 7 (Security Documents) of the Credit Agreement confirms that its duties and obligations under such share pledge shall not be affected or impaired by the entry into of this Agreement and that the pledge created under such share pledge shall be maintained in accordance with Clause 6.4 (Preservation of Security in the event of novation) of such share pledge.

4. WAIVERS

The requirement to deliver a duly completed Cancellation Notice not less than five Business Days prior to the due date of prepayment under Clause 7.3(a) (Voluntary prepayment) of the Credit Agreement shall not apply to a prepayment in full of Facility B or Facility C. Subject to Clause 7.3(b) (Voluntary prepayment) (and, if applicable, Clause 7.10(c) (Call Protection)) of the Credit Agreement, UPC Broadband may, by delivering a duly completed Cancellation Notice at any time prior to the prepayment being made, prepay the whole of the outstanding Advances under Facility B and Facility C.

5. REPRESENTATIONS

- (a) The representations and warranties set out in Clause 15 (Representations and Warranties) of the Credit Agreement (as amended by this Agreement) (with the exception of Clauses 15.6(a) (Consents), 15.10 (Financial condition), 15.12 (Security Interests), 15.13(b) (Litigation and insolvency proceedings), 15.14 (Information), 15.14A (Business Plan), 15.15 (Tax liabilities), 15.16 (Ownership of assets), 15.20 (ERISA), 15.24 (US Borrower)) are true and correct as if made on the date of this Agreement and on the Effective Date, with reference to the facts and circumstances then existing, and as if each reference to (i) the Finance Documents includes a reference to this Agreement and (ii) the Credit Agreement is a reference to the Credit Agreement as amended by this Agreement.
- (b) UPC Broadband represents and warrants to each Finance Party that there has been no material adverse change in the consolidated financial position of the Borrower Group (taken as a whole) since the date of the financial statements most recently provided under clause 16.2(a) (Financial Information) of the Credit Agreement which would or is reasonably likely to have a Material Adverse Effect.

6. MISCELLANEOUS

- (a) Each of this Agreement and the Credit Agreement, as amended by this Agreement, is a Finance Document.
- (b) Subject to the terms of this Agreement, the Credit Agreement and the Security Deed will remain in full force and effect and the Credit Agreement and this Agreement will be read and construed as one document.

7. COUNTERPARTS

- (a) This Agreement may be executed in any number of counterparts, and this has the same effect as if signatures and the counterparts were on a single copy of this Agreement.
- (b) This Agreement shall take effect as a deed notwithstanding the fact that a party may only execute this Agreement under hand.

8. GOVERNING LAW

This Agreement is governed by English law.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE 1**GUARANTORS**

Name	Address
UPC Financing Partnership	4643 South Ulster Street Suite 1300 Denver, CO 80237 United States
UPC Broadband Holding B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Holding II B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Holding B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC France Holding B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Scandinavia Holding B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Austria Holding B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Central Europe Holding B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Nederland B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Poland Holding B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands

CONDITIONS PRECEDENT DOCUMENTS

1. Constitutional Documents

- (a) A copy of the constitutional documents of each Obligor (other than UPC Financing) and the partnership agreement of UPC Financing or, if the Facility Agent already has a copy, a certificate of an authorised signatory of the relevant Obligor confirming that the copy in the Facility Agent's possession is still correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.
- (b) An extract of the registration of each Obligor established in the Netherlands in the trade register of the Dutch chamber of commerce.

2. Authorisations

- (a) A copy of a resolution of the board of managing and, to the extent applicable, board of supervisory directors (or equivalent) and, to the extent that a shareholders' resolution is required, a copy of the shareholders' resolution of each Obligor:
 - (i) approving the terms of and the transactions contemplated by this Agreement and resolving that it execute the same; and
 - (ii) authorising the issuance of a power of attorney to a specified person or persons to execute this Agreement on its behalf.
- (b) A specimen of the signature of each person authorised pursuant to its constitutional documents or to the power of attorney referred to in paragraph (a) above to sign this Agreement.
- (c) A certificate of an authorised signatory of UPC Broadband and UPC Financing certifying that each copy document specified in this Schedule and supplied by UPC Broadband is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.
- (d) A copy of any other authorisation or other document, opinion or assurance which the Facility Agent has notified UPC Broadband is necessary or desirable in connection with the entry into and performance of, and the transactions contemplated by, this Agreement or for the validity and enforceability of this Agreement.

3. Legal opinions

- (a) A legal opinion of Allen & Overy LLP, English legal advisers to the Facility Agent, addressed to the Finance Parties.
- (b) A legal opinion of Allen & Overy LLP, Dutch legal advisers to the Facility Agent, addressed to the Finance Parties.
- (c) A legal opinion of Allen & Overy LLP, New York legal advisers to the Facility Agent, addressed to the Finance Parties.

4. Other documents

Evidence that all fees and expenses then due and payable from UPC Broadband in respect of this Agreement have been paid.

Allen & Overy LLP

SCHEDULE 3

RESTATED CREDIT AGREEMENT

€3,500,000,000

and

US\$347,500,000 and €95,000,000

SENIOR SECURED CREDIT FACILITY

for

UPC BROADBAND HOLDING B.V.

and

UPC FINANCING PARTNERSHIP

as Borrowers

arranged by

CHASE MANHATTAN plc

TD BANK EUROPE LIMITED

ABN AMRO BANK N.V.

BANK OF AMERICA INTERNATIONAL LIMITED

BNP PARIBAS

CIBC WORLD MARKETS plc

CRÉDIT LYONNAIS

FORTIS BANK (NEDERLAND) N.V.

and

THE ROYAL BANK OF SCOTLAND plc

with

TD BANK EUROPE LIMITED

and

TORONTO DOMINION (TEXAS), INC.,

acting as Facility Agents

originally DATED 26th October, 2000

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THIS AGREEMENT originally dated 26th October, 2000 as amended and restated by the Amendment Deed and as previously amended by the Amendment and Restatement Agreement and by a series of letters during the period from 1st March, 2002 to 23rd July, 2003 and by amendment letters dated 22nd July, 2004 and 2nd December, 2004 and subsequently amended and restated on 7 March, 2005 and made

BETWEEN:

- (1) **UPC BROADBAND HOLDING B.V. (UPC Broadband);**
- (2) **UPC FINANCING PARTNERSHIP**, a general partnership formed under the laws of Delaware, United States and, as of the Signing Date, with its principal place of business at 4643 South Ulster Street, Suite 1300, Denver, Colorado 80237, USA (the **US Borrower**);
- (3) **THE COMPANIES** identified as guarantors in Part 1 of Schedule 1 (Original Guarantors) (the **Original Guarantors**);
- (4) **CHASE MANHATTAN plc, TD BANK EUROPE LIMITED, ABN AMRO BANK N.V., BANK OF AMERICA INTERNATIONAL LIMITED, BNP PARIBAS, CIBC WORLD MARKETS plc, CRÉDIT LYONNAIS, FORTIS BANK (NEDERLAND) N.V., and THE ROYAL BANK OF SCOTLAND plc** as lead arrangers (in this capacity, the **Lead Arrangers**);
- (5) **THE BANKS AND FINANCIAL INSTITUTIONS** listed in Part 2 of Schedule 1 (Original Lenders and Commitments) as lenders (the **Original Lenders**);
- (6) **TD BANK EUROPE LIMITED** and **TORONTO DOMINION (TEXAS), INC.**, as facility agents; and
- (7) **TD BANK EUROPE LIMITED** as security agent for the Finance Parties (in this capacity, the **Security Agent**).

IT IS AGREED as follows:

1. INTERPRETATION

1.1 Definitions

In this Agreement:

Accounting Period in relation to any person means any period of approximately three months or one year for which accounts of such person are required to be delivered pursuant to this Agreement.

Acquisition means the acquisition, whether by one or a series of transactions, (including, without limitation, by purchase, subscription or otherwise) of all or any part of the share capital or equivalent of any company or other person (including, without limitation, any partnership or joint venture) or any asset or assets of any company or other person (including, without limitation, any partnership or joint venture) constituting a business or separate line of business of that company or other person.

Acquisition Business Plan means, in respect of an Acquisition, a business plan for the Target which has been reviewed by Deloitte & Touche (or such other leading firm of independent and internationally recognised consultants or accountants appointed by UPC Broadband) and which sets out the management plan for the period from the date of the proposed Acquisition (taking into account the Acquisition Cost of such Acquisition and financial projections relating to the Target) up to and including the last Final Repayment Date and based on assumptions which are no more aggressive (when taken as a whole) than those used in preparation of the Business Plan.

Acquisition Cost means, in relation to an Acquisition, the value of the consideration for that Acquisition at the time of completion of the Acquisition and for this purpose:

- (a) the value at the time of completion of the Acquisition of any consideration to be paid or delivered after the time of completion of the Acquisition will be determined in accordance with GAAP;
- (b) if the entity acquired becomes a member of the Borrower Group as a result of the Acquisition, the aggregate principal amount of Financial Indebtedness of any entity acquired outstanding at the time of completion of the Acquisition (including without limitation any Lending Transaction (as defined in Clause 16.14(f) (Loans and guarantees) made by a member of the Borrower Group in connection with the relevant Acquisition) will be counted as part of the consideration for that Acquisition;
- (c) if the entity acquired does not become a member of the Borrower Group as a result of the Acquisition, the aggregate principal amount of Financial Indebtedness of the entity acquired at the time of completion of the Acquisition will be counted as part of the consideration for that Acquisition to the extent of the aggregate principal amount of the payment and repayment obligations in respect of such Financial Indebtedness assumed or guaranteed by any member of the Borrower Group; and
- (d) subject to paragraphs (a), (b) and (c) above, the value at the time of completion of the Acquisition of any non-cash consideration will be determined in accordance with GAAP,

expressed in euros, if required, using the Agent's Spot Rate of Exchange on the date of completion of the Acquisition.

Additional Facility has the meaning given in the New Facility Agreement.

Additional Facility Advance has the meaning given in the New Facility Agreement.

Additional Guarantor means:

- (a) a Subsidiary of UPC Broadband; and
- (b) any UPC Broadband Holdco (other than UPC Holding),

which in each case becomes an Additional Guarantor in accordance with Clause 26.4 (Additional Guarantors).

Advance means a Facility A Advance, Facility B Advance or Facility C Advance.

Affiliate means, in respect of a person, a direct or indirect Subsidiary or Holding Company of that person or any other person which is under common control with that person (and for this purpose, **control** has the meaning given to it in section 416 of the Income and Corporation Taxes Act 1988 in force as at the Signing Date).

Agent means the Facility Agent or the Security Agent (or both), as the context requires.

Agent's Spot Rate of Exchange means the spot rate of exchange as determined by the Facility Agent for the purchase of the relevant Optional Currency in the London foreign exchange market with euros or US Dollars (or any other relevant currency) (as applicable) at or about 11.00 a.m. on a particular day.

Amendment and Restatement Agreement means the amendment and restatement agreement dated 16th January, 2004 between, *inter alios*, UPC Broadband and the Facility Agents, on behalf of the Finance Parties, pursuant to which this Agreement was amended and restated.

Amendment Deed means the agreement dated on or around 24th June, 2004 between UPC Broadband, the US Borrower, the Original Guarantors the Facility Agent and the Security Agent, pursuant to which this Agreement was amended.

Amendment Fee Letter means the letter between the Facility Agent and UPC Broadband dealing with the amendment fees payable to the Lenders in connection with the Amendment and Restatement Agreement.

Anniversary means an anniversary of the Signing Date.

Annualised EBITDA has the meaning given to it in Clause 17.1 (Financial definitions).

Anti-Terrorism Law means each of:

- (a) Executive Order No. 13224 of September 23, 2001—Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (the **Executive Order**);
- (b) the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56 (commonly known as the USA Patriot Act);
- (c) the Money Laundering Control Act of 1986, Public Law 99-570; and
- (d) any similar law enacted in the United States of America subsequent to the date of this Agreement.

Approved Stock Options means any options, warrants, rights to purchase or other equivalents (however designated) issued or granted by a member of the Borrower Group to any former, present or future officers, consultants, directors and/or employees of any member of the Borrower Group or its Associated Companies to subscribe for share capital or similar rights of ownership in that member of the Borrower Group provided that the maximum aggregate amount of such options, warrants, rights to purchase or other equivalents (however designated) shall not exceed (i) 8 per cent. of its issued share capital, in the case of UPC Central Europe Holding B.V. and any Subsidiary of UPC Central Europe Holding B.V. (provided that the aggregate amount of such options, warrants, rights to purchase or other equivalents issued by UPC Central Europe Holding B.V. and its Subsidiaries does not exceed 8 per cent. of the issued share capital of UPC Central Europe Holding B.V.) and (ii) 7.5 per cent. of its issued share capital or similar rights of ownership, in the case of each other member of the Borrower Group.

Associated Company of a person means:

- (a) any other person which is directly or indirectly Controlled by, under common Control with or Controlling such person; or
- (b) any other person owning beneficially and/or legally directly or indirectly 10 per cent. or more of the equity interest in such person or 10 per cent. of whose equity is owned beneficially and/or legally directly or indirectly by such person.

Auditors means KPMG or such other leading firm of independent and internationally recognised accountants appointed by UPC Broadband as its auditors for the purposes of preparing the audited consolidated accounts of UPC Broadband.

Belmarken means Belmarken Holding B.V., a private limited liability company incorporated under the laws of The Netherlands and, as of the Signing Date, with its registered office at Amsterdam and its business office at Boeing Avenue 53, 1119 PE Schiphol Rijk, Amsterdam, The Netherlands.

Beneficiaries has the meaning given to it in the Security Deed.

Borrower means each of UPC Broadband and the US Borrower.

Borrower Group means:

- (a) UPC Broadband and its Subsidiaries from time to time, excluding Unrestricted Subsidiaries; and
- (b) the US Borrower.

Borrower Group Business Plan means, in respect of an Acquisition, a business plan for the Borrower Group (including the Target to be acquired) which has been certified by a director of UPC Broadband and which sets out the management plan for the period from the date of the proposed Acquisition (taking into account the Acquisition Cost of such Acquisition and financial projections relating to the Target) up to and including the Final Maturity Date and based on assumptions which are no more aggressive (when taken as a whole) than those used in preparation of the Business Plan.

Break Costs means the amount (if any) by which:

- (a) the amount of interest (excluding the Margin and any Mandatory Costs) which a Lender should have received for the period from the date of receipt of all or any part of its participation in an Advance or Unpaid Sum to the last day of the current Interest Period in respect of that Advance or Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period,

exceeds:

- (b) the amount of interest which that Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank in the London interbank market for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period.

Business means any business of the Borrower Group:

- (a) that consists of the upgrade, construction, creation, development, marketing, acquisition (to the extent permitted under this Agreement), operation, utilisation and maintenance of networks that use existing or future technology for the transmission, reception and delivery of voice, video and/or other data (including networks that transmit, receive and/or deliver services such as multi-channel television and radio, programming, telephony, Internet services and content, high speed data transmission, video, multi-media and related activities); or
- (b) that supports, is incidental to or is related to any such business; or
- (c) that comprises being a Holding Company of one or more persons engaged in such business,

and references to **business** or **ordinary course of business** shall be similarly construed.

Business Day means:

- (a) a day (other than a Saturday or Sunday) on which banks are open for general business in:
 - (i) London and Amsterdam;
 - (ii) in relation to a transaction involving US Dollars, New York; and
 - (iii) in relation to a transaction involving an Optional Currency, the principal financial centre of the country of that Optional Currency; or
- (b) in relation to a rate fixing day or a payment date for euros, a TARGET Day.

Business Plan means the business plan for the Borrower Group for the period from the Effective Date to, as a minimum, the Final Maturity Date (as defined in the New Facility Agreement) as provided to the Facility Agent prior to the Effective Date.

Cancellation Notice means a notice of cancellation and/or prepayment substantially in the form of Part 2 of Schedule 4 (Form of Cancellation and/or Prepayment Notice).

Capital Expenditure means any expenditure which is or will be treated as a capital expenditure in the audited consolidated financial statements of the Borrower Group in accordance with GAAP.

Cash Flow means, for any period, as set out in the most recent relevant management accounts of or in respect of the Target for that period, EBITDA of or relating to the Target for such period:

- (a) minus Capital Expenditure of or relating to the Target for such period;
- (b) minus all Taxes actually paid and/or falling due for payment by or in respect of the Target during such period;
- (c) minus the amount of all dividends, redemptions and other distributions payable by the Target during such period on, or in respect of any of its share capital not held by a member of the Borrower Group;
- (d) minus any increase or plus any decrease in working capital of or in respect of the Target for such period;
- (e) minus the aggregate of Interest payable by or in respect of the Target during such period; and
- (f) minus all extraordinary or exceptional items (including one off restructuring costs) which were paid by the Target during such period on (net of any cash proceeds of insurance or warranty claims which relate to such items) and plus all extraordinary or exceptional items which were received by or in respect of the Target during such period.

For the purposes of the above calculation no item shall be effectively deducted or credited more than once.

Cash Flow Hedging Agreement has the meaning given to it in Clause 16.17 (Hedging).

Change of Control has the meaning given to it in Clause 7.4(a) (Change of Control).

CNA means Austria Holding B.V., a private limited liability company incorporated under the laws of The Netherlands and, as of the Signing Date, with its registered office at Amsterdam and its business office at Boeing Avenue 53, 1119 PE Schiphol Rijk, Amsterdam, The Netherlands.

Code means the United States Internal Revenue Code of 1986, as amended and any rule or regulation issued thereunder from time to time in effect.

Commitments means the Facility A Commitments, Facility B Commitments and/or Facility C Commitments.

Confidentiality Undertaking means a confidentiality undertaking substantially in the recommended form of either the LMA as set out in Part 1 of Schedule 6 (Form of LMA Confidentiality Undertaking) or the LSTA as set out in Part 2 of Schedule 6 or in any other form agreed between UPC Broadband and the Facility Agent.

Consultant means Booz Allen & Hamilton.

Consultant's Report means the report dated on or about July 2000 from the Consultant addressed to Chase Manhattan plc and TD Securities in relation to the 10 year business plan of UPC Broadband.

Control means the power of a person:

- (a) by means of the holding of shares or the possession of voting power in or in relation to any other person; or
- (b) by virtue of any powers conferred by the articles of association or other documents regulating any other person,

to direct or cause the direction of the management and policies of that other person,

and **Controlled** and **Controlling** have a corresponding meaning.

Current Assets means, at any relevant time, the aggregate of the current assets (excluding cash) of the Borrower Group at such time which would be included as current assets in a consolidated balance sheet of the Borrower Group drawn up at such time in accordance with GAAP.

Current Liabilities means, at any relevant time, the aggregate of the current liabilities (excluding short term debt and overdrafts) of the Borrower Group at such time which would be included as current liabilities in a consolidated balance sheet of the Borrower Group drawn up at each time in accordance with GAAP.

Dangerous Substance means any radioactive emissions and any natural or artificial substance (whether in solid or liquid form or in the form of a gas or vapour and whether alone or in combination with any other substance) which, taking into account the concentrations and quantities present and the manner in which it is being used or handled, it is reasonably foreseeable will cause harm to man or any other living organism or damage to the Environment including any controlled, special, hazardous, toxic, radioactive or dangerous waste.

Default means an Event of Default or any event or circumstances specified in Clause 18 (Default) which would (with the expiry of a grace period or the giving of notice) be an Event of Default.

Designated Party means any person listed:

- (a) in the Annex to the Executive Order;
- (b) on the "Specially Designated Nationals and Blocked Persons" list maintained by the Office of Foreign Assets Control of the United States Department of the Treasury; or
- (c) in any successor list to either of the foregoing.

Distribution Business means:

- (a) the business of upgrading, constructing, creating, developing, acquiring, operating, owning, leasing and maintaining cable television networks (including for avoidance of doubt master antenna television, satellite master antenna television, single and multi-channel microwave single or multi-point distribution systems and direct-to-home satellite systems) for the transmission, reception and/or delivery of multi-channel television and radio programming, telephony and internet and/or data services to the residential markets; or
- (b) any business which is incidental to or related to and, in either case, material to such business.

Dutch Banking Act means the Dutch Act on the Supervision of the Credit System 1992 (*Wet toezicht Kredietwezen* 1992), including the Dutch Exemption Regulation.

Dutch Exemption Regulation means the Exemption Regulation of the Minister of Finance of 26th June, 2002 (*Vrijstellingsregeling Wtk 1992*), including the Policy Guidelines.

Eastern Europe means Europe other than Western Europe.

Eastern European Acquisition means an acquisition (including, without limitation, by purchase, subscription or otherwise) of:

- (a) all or any part of the share capital or equivalent of a person or company (including, without limitation any partnership or joint venture) incorporated or carrying on a material part of its business in Eastern Europe; or
- (b) any asset or assets constituting a business or separate line of business, a material part of which is being carried on in Eastern Europe,

but excluding any such acquisition in relation to an entity which is a Subsidiary of UPC on the Signing Date and is incorporated or carries on business in Poland on the Signing Date.

EBITDA has the meaning given to it in Clause 17.1 (Financial definitions).

Effective Date has the meaning given to it in the Amendment and Restatement Agreement.

Environment means the media of air, water and land (wherever occurring) and in relation to the media of air and water includes, without limitation, the air and water within buildings and the air and water within other natural or man-made structures above or below ground and any water contained in any underground strata.

Environmental Claim means any claim by any person:

- (a) in respect of any loss or liability suffered or incurred by that person as a result of or in connection with any violation of Environmental Law; or
- (b) that arises as a result of or in connection with Environmental Contamination and that could give rise to any remedy or penalty (whether interim or final) that may be enforced or assessed by private or public legal action or administrative order or proceedings including, without limitation, any such claim that arises from injury to persons or property.

Environmental Contamination means each of the following and their consequences:

- (a) any release, emission, leakage or spillage of any Dangerous Substance at or from any site owned or occupied by any member of the Borrower Group into any part of the Environment; or
- (b) any accident, fire, explosion or sudden event at any site owned or occupied by any member of the Borrower Group which is directly caused by or attributable to any Dangerous Substance; or
- (c) any other pollution of the Environment arising at or from any site owned or occupied by any member of the Borrower Group.

Environmental Law means all legislation, regulations or orders (insofar as such regulations or orders have the force of law) to the extent that it relates to the protection or impairment of the Environment or the control of Dangerous Substances (whether or not in force at the date of this Agreement) which are capable of enforcement in any applicable jurisdiction by legal process.

Environmental Licence means any permit, licence, authorisation, consent, filing, registration or other approval required by any Environmental Law.

ERISA means the United States Employee Retirement Income Security Act of 1974, as amended.

ERISA Affiliate means each trade or business, whether or not incorporated, that would be treated as a single employer with any member of the Borrower Group under section 414 of the United States Internal Revenue Code of 1986, as amended. When any provision of this Agreement relates

to a past event, the term **ERISA Affiliate** includes any person that was an ERISA Affiliate of a member of the Borrower Group at the time of that past event.

EURIBOR means in relation to any Advance or Unpaid Sum denominated in euros:

- (a) the applicable Screen Rate for deposits in the currency of the relevant Advance or Unpaid Sum for a period equal or comparable to the required period at or about 11.00 a.m. (Brussels time) on the applicable Rate Fixing Day; or
- (b) if the rate cannot be determined under paragraph (a) above, the arithmetic mean (rounded upwards, if necessary, to the nearest four decimal places) of the respective rates, as supplied to the Facility Agent at its request, quoted by the Reference Banks to leading banks for the offering of deposits in euros for the required period in the London interbank market at or about 11.00 a.m. on the Rate Fixing Day for such period,

and for the purposes of this definition, **required period** means the Interest Period of an Advance or the period in respect of which EURIBOR falls to be determined in relation to any Unpaid Sum.

€, euro or euros means the single currency of the Participating Member States.

Event of Default means an event specified as such in Clause 18 (Default).

Excess Cash Flow means the aggregate consolidated EBITDA of the Borrower Group calculated for the most recently ended financial year (beginning with the financial year ending on 31st December, 2004), as shown in the quarterly management accounts delivered to the Facility Agent pursuant to Clause 16.2(b) (Financial information) in respect of the financial quarter ending on 31st December in any relevant year:

- (a) less:
 - (i) any interest and other charges in respect of Financial Indebtedness of the Borrower Group paid during such financial year;
 - (ii) repayments and/or prepayments of any Financial Indebtedness of the Borrower Group paid during such financial year; and
 - (iii) capital expenditure of the Borrower Group incurred during such financial year; and
- (b) either (i) plus any amount by which Net Working Capital at the commencement of such financial year exceeds Net Working Capital at the close of such financial year or, as appropriate, (ii) minus any amount by which Net Working Capital at the end of such financial year exceeds Net Working Capital at the beginning of such financial year.

For the purposes of this definition of "Excess Cash Flow", **Net Working Capital** means, at any time, the aggregate of the Current Assets of the Borrower Group at such time less the aggregate of the Current Liabilities of the Borrower Group at such time.

Existing Lender has the meaning given to it in Clause 26.2 (Transfers by Lenders).

Facility means each of Facility A, Facility B and Facility C.

Facility A means the €750,000,000 revolving credit facility referred to in Clause 2.1(a) (Facilities).

Facility A Advance means an advance made to UPC Broadband under Facility A.

Facility A Availability Period means the period from and including the Signing Date up to and including the Facility A Final Maturity Date or such earlier date on which the Total Facility A Commitments have been cancelled in full or such later date as all the Lenders may agree in writing.

Facility A Commitment means:

- (a) in relation to an Original Lender, the amount in euros set opposite its name under the heading "Facility A Commitment" in Part 2 of Schedule 1 (Original Lenders and Commitments) and the amount of any other Facility A Commitment transferred to it under this Agreement; and
 - (b) in relation to any other Lender, the amount in euros of any Facility A Commitment transferred to it in accordance with this Agreement,
- to the extent not cancelled, reduced or transferred by it under this Agreement.

Facility A Final Maturity Date means 30th June, 2008 or, if that day is not a Business Day, the preceding Business Day.

Facility A Lender means a Lender under Facility A.

Facility Agent means:

- (a) TD Bank Europe Limited in its capacity as facility agent under or in connection with Facility A, Facility B or Facility C1;
- (b) Toronto Dominion (Texas), Inc., in its capacity as facility agent under or in connection with Facility C2; or
- (c) both,

in each case as the context requires; provided that references in this Agreement to **Facility Agent** which do not relate solely and specifically to Facility C2 shall be deemed to refer to TD Bank Europe Limited in its capacity as facility agent under or in connection with the Facility.

Facility B means the €2,750,000,000 term loan facility referred to in Clause 2.1(b) (Facilities).

Facility B Advance means an advance made to UPC Broadband under Facility B.

Facility B Availability Period means the period from and including the Signing Date up to and including 31st December, 2003 or such earlier date on which the Total Facility B Commitments have been cancelled in full or such later date as all the Lenders may agree in writing.

Facility B Commitment means:

- (a) in relation to an Original Lender, the amount in euros set opposite its name under the heading "Facility B Commitment" in Part 2 of Schedule 1 (Original Lenders and Commitments) and the amount of any other Facility B Commitment transferred to it under this Agreement; and
 - (b) in relation to any other Lender, the amount in euros of any Facility B Commitment transferred to it in accordance with this Agreement,
- to the extent not cancelled, reduced or transferred by it under this Agreement.

Facility B Lender means a Lender under Facility B.

Facility C means the US\$347,500,000 and €95,000,000 term loan facility referred to in Clause 2.1(c) (Facilities).

Facility C Advance means a Facility C1 Advance or a Facility C2 Advance.

Facility C1 means the €95,000,000 term loan facility which forms a sub-tranche of Facility C.

Facility C1 Advance means a euro-denominated advance made to UPC Broadband under Facility C.

Facility C2 means the US\$347,500,000 term loan facility which forms a sub-tranche of Facility C.

Facility C2 Advance means a US Dollar-denominated advance made to the US Borrower under Facility C.

Facility C Availability Period means the period from and including the Signing Date up to and including the earlier of:

- (a) the first Utilisation Date under the Facilities; or
- (b) the date falling 30 days after the Signing Date,

or such earlier date on which the Total Facility C Commitments have been cancelled in full or such later date as all the Lenders may agree in writing.

Facility C Commitment means, in relation to a Lender, the aggregate for the time being of its:

- (a) Facility C1 Commitments; and
- (b) Facility C2 Commitments (translated into euros on the basis of:
 - (i) (if and to the extent that any member of the Borrower Group has entered into any currency Senior Hedging Agreement(s) in respect of a Facility C2 Advance) the rate at which any such Facility C2 Advance was swapped into euros; and
 - (ii) to the extent the Borrower Group has not entered into any currency Senior Hedging Agreements in relation to Facility C2 Advances or the Facility C2 Commitments are undrawn, the Agent's Spot Rate of Exchange on the Utilisation Date).

Facility C1 Commitment means:

- (a) in relation to an Original Lender, the amount in euros set opposite its name under the heading "Facility C1 Commitment" in Part 2 of Schedule 1 (Original Lenders and Commitments) and the amount of any other Facility C1 Commitment transferred to it under this Agreement; and
 - (b) in relation to any other Lender, the amount in euros of any Facility C1 Commitment transferred to it in accordance with this Agreement,
- to the extent not cancelled, reduced or transferred by it under this Agreement.

Facility C2 Commitment means:

- (a) in relation to an Original Lender, the amount in US Dollars set opposite its name under the heading "Facility C2 Commitment" in Part 2 of Schedule 1 (Original Lenders and Commitments) and the amount of any other Facility C2 Commitment transferred to it under this Agreement; and
 - (b) in relation to any other Lender, the amount in US Dollars of any Facility C2 Commitment transferred to it in accordance with this Agreement,
- to the extent not cancelled, reduced or transferred by it under this Agreement.

Facility C Lender means a Lender under Facility C.

Facility Office means the office(s) notified by a Lender to the Facility Agent:

- (a) on or before the date it becomes a Lender; or
- (b) by not less than five Business Days' notice,

as the office(s) through which it will perform all or any of its obligations under this Agreement.

Fee Letter means each of:

- (a) the letter between Chase Manhattan plc, TD Bank Europe Limited, Cable Networks Netherlands Holding B.V. and UPC dated 24th May, 2000 dealing with underwriting fees;
- (b) the letter between the Facility Agent and the Borrowers dated on or about the Signing Date dealing with agency fees; and
- (c) the Amendment Fee Letter,

in each case setting out the amount of various fees referred to in Clause 20 (Fees).

Final Repayment Date means:

- (a) when designated **Facility B**, 30th June, 2008; and
- (b) when designated **Facility C**, 31st March, 2009,

or in each case, if that day is not a Business Day, the immediately preceding Business Day (and without any such designation means the Facility B Final Repayment Date or the Facility C Final Repayment Date, as applicable).

Finance Document means this Agreement, a Security Document, the Security Deed, a Fee Letter, a Guarantor Accession Agreement, the Syndication Letter, a Novation Certificate, the Intercreditor Agreement and any other document designated in writing as such by the Facility Agent and UPC Broadband.

Finance Party means a Lead Arranger, a Lender, the Facility Agent or the Security Agent.

Financial Indebtedness means, without double counting, indebtedness in respect of:

- (a) money borrowed or raised and debit balances at banks;
- (b) any bond, note, loan stock, debenture or similar debt instrument;
- (c) acceptance or documentary credit facilities;
- (d) receivables sold or discounted (otherwise than on a non-recourse basis and other than in the normal course of business for collection);
- (e) payments for assets acquired or services supplied deferred for a period of over 180 days (or 360 days if such deferral is in accordance with the terms pursuant to which the relevant assets were or are to be acquired or services were or are to be supplied) after the relevant assets were or are to be acquired or the relevant services were or are to be supplied;
- (f) finance leases and hire purchase contracts to the extent that they constitute capital leases within the meaning of GAAP, provided that indebtedness in respect of network leases shall only be included in this paragraph (f) for the purposes of the definition of "Excess Cash Flow" and Clause 18.5 (Cross default);
- (g) any other transaction (including without limitation forward sale or purchase agreements) having the commercial effect of a borrowing or raising of money or any of (b) to (f) above;
- (h) (for the purposes of Clause 18.5 (Cross default) only) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked-to-market value shall be taken into account); and

- (i) guarantees in respect of indebtedness of any person falling within any of paragraphs (a) to (g) above (including for the avoidance of doubt, without double counting, guarantees given by a member of the Borrower Group for the indebtedness of the type falling within (a) to (g) above of another member of the Borrower Group),

provided that indebtedness which has been cash-collateralised shall not be included in any calculation of Financial Indebtedness to the extent so cash-collateralised and indebtedness which is in the nature of equity (other than redeemable shares) shall not be regarded as Financial Indebtedness.

GAAP means generally accepted accounting principles and practices in the United States.

Guaranteed Document means each Finance Document, the High Yield Hedging Agreements and the Senior Hedging Agreements.

Guarantor means each Original Guarantor and each Additional Guarantor.

Guarantor Accession Agreement means a deed in the form of Part 2 of Schedule 5 (Guarantor Accession Agreement), with such amendments as the Facility Agent may approve or reasonably require (including, without limitation, any limitation on the obligations of the relevant Additional Guarantor which has been approved by the Facility Agent pursuant to Clause 26.4(a)(v) (Additional Guarantors)).

Hedging Counterparty means each High Yield Hedging Counterparty and each Senior Hedging Counterparty.

High Yield Hedging Agreements has the meaning given to it in the Security Deed.

High Yield Hedging Bank means a Lender or its Affiliate or a "Lender" or its "Affiliate" as defined in the New Facility Agreement which is or becomes a party to the New Security Deed and/or the Security Deed as a High Yield Hedging Bank.

High Yield Hedging Counterparty means any member of the UGCE Borrower Group that enters into a High Yield Hedging Agreement.

High Yield Notes means high yield debt securities or other instruments not mandatorily convertible into equity, in each case issued by a company which is a member of the UGCE Borrower Group.

Holding Company means, in relation to a person, an entity of which that person is a Subsidiary.

Indentures means each of:

- (a) the indenture dated as of 30th July, 1999 between UPC and Citibank N.A. in relation to US\$735,000,000 12¹/₂ per cent. senior discount notes due 2009;
- (b) the indenture dated 5th February, 1998 between UGC and Firstar Bank of Minnesota N.A. (the **UGC Trustee**) for the \$1,375,000,000 10³/₄ per cent. senior secured discount notes due 2009;
- (c) the indenture dated 15th April, 1999 between UGC and the UGC Trustee for the \$355,000,000 senior discount notes due 2009;
- (d) the indenture dated 30th July, 1999 between UPC and Citibank N.A. for the \$800,000,000 10⁷/₈ per cent. senior notes due 2009 and the €300,000,000 10⁷/₈ per cent. senior notes due 2009;
- (e) the indenture dated 29th October, 1999 between UPC and Citibank N.A. for the \$200,000,000 10⁷/₈ per cent. senior notes due 2007 and the €100,000,000 10⁷/₈ per cent. senior notes due 2007;

- (f) the indenture dated 29th October, 1999 between UPC and Citibank N.A. for the \$252,000,000 11¹/₄ per cent. senior notes due 2009 and the €101,000,000 11¹/₄ per cent. senior notes due 2009;
- (g) the indenture dated 29th October, 1999 between UPC and Citibank N.A. for the \$478,000,000 13³/₈ per cent. senior discount notes due 2009 and the €191,000,000 13³/₈ per cent. senior discount notes due 2009;
- (h) the indenture dated 20th January, 2000 between UPC and Citibank N.A. for the \$300,000,000 11¹/₂ per cent. senior notes due 2010;
- (i) the indenture dated 20th January, 2000 between UPC and Citibank N.A. for \$600,000,000 11¹/₄ per cent. senior notes due 2010 and the €200,000,000 11¹/₄ per cent. senior notes due 2010; and
- (j) the indenture dated 20th January, 2000 between UPC and Citibank N.A. for the \$1,000,000,000 13³/₄ per cent. senior discount notes due 2010,

in each case as in effect on the Signing Date.

Information Memorandum means the information memorandum dated June, 2000 as updated by the information memorandum dated July, 2000 prepared in connection with syndication of the Facilities, and as further updated, if applicable, by an information memorandum to be prepared for the purposes of general syndication of the Facilities.

Intellectual Property Rights means all know-how, patents, trade marks, designs and design rights, trading names, copyrights (including any copyright in computer software), database rights and other intellectual property rights anywhere in the world (in each case whether registered or not and including all applications for the same).

Interconnect Agreements means each interconnection agreement, network contract, franchise agreement, telecommunications service agreement and any agreement of a similar nature entered into by any member of the Borrower Group in connection with the conduct of its business as may be permitted by the terms of this Agreement (including any interconnect agreements maintained pursuant to Clause 16.20 (Inter-connection and chello)).

Intercreditor Agreement means the intercreditor deed entered into on or about the date of the Amendment and Restatement Agreement between, among others, the Facility Agents and the Security Agent, the facility agent and security agent under the New Facility Agreement and UPC Broadband.

Interest has the meaning given to it in Clause 17.1 (Financial definitions).

Interest Date means the last day of an Interest Period.

Interest Period means each period determined in accordance with Clause 8 (Interest).

Lender means:

- (a) any Original Lender; and
- (b) any person which has become a New Lender (as defined in Clause 26.2 (Transfers by Lenders)) in accordance with Clause 26 (Changes to the Parties),

which in each case has not ceased to be a Party in accordance with the terms of this Agreement.

LIBOR means in relation to any Advance or Unpaid Sum denominated in US Dollars or in an Optional Currency (other than euros):

- (a) the applicable Screen Rate for deposits in the currency of the relevant Advance or Unpaid Sum for a period equal or comparable to the required period at or about 11.00 a.m. on the applicable Rate Fixing Day; or
- (b) (if no Screen Rate is available for the required currency or required period of that Advance or Unpaid Sum) the arithmetic mean (rounded upwards, if necessary, to the nearest four decimal places) of the respective rates, as supplied to the Facility Agent at its request, quoted by the Reference Banks to leading banks for the offering of deposits in the required currency and for the required period in the London interbank market at or about 11.00 a.m. on the Rate Fixing Day for such period,

and for the purposes of this definition, **required period** means the applicable Interest Period of an Advance or the period in respect of which LIBOR falls to be determined in relation to any Unpaid Sum.

Licence means each approval, consent, authorisation and licence from, and all filings, registrations and agreements with any governmental or regulatory authority, in each case granted, issued, made or entered into pursuant to any Telecommunications and Cable Law necessary in order to enable each member of the Borrower Group to carry on its business as may be permitted by the terms of this Agreement.

LMA means the Loan Market Association.

Majority Acquisition has the meaning given in paragraph (c) of the definition of "Permitted Acquisition".

Majority Facility C Lenders means, at any time Lenders the aggregate of whose undrawn Facility C Commitments and participations in outstanding Facility C Advances (calculated by reference to the Original Euro Amount of such Advances) exceeds $66\frac{2}{3}$ per cent. of the undrawn Total Facility C Commitments and the Original Euro Amount of outstanding Facility C Advances.

Majority Lenders means, at any time Lenders the aggregate of whose undrawn Facility A Commitments, undrawn Facility B Commitments and undrawn Facility C Commitments and participations in outstanding Facility A Advances, Facility B Advances and Facility C Advances (calculated by reference to the Original Euro Amount of such Advances) exceeds $66\frac{2}{3}$ per cent. of the aggregate undrawn Total Facility A Commitments, undrawn Total Facility B Commitments, undrawn Total Facility C Commitments and the Original Euro Amount of outstanding Advances.

Management Fees means any management, consultancy or similar fees payable by any member of the Borrower Group to any Restricted Person.

Mandatory Cost means the percentage rate per annum calculated by the Facility Agent in accordance with Schedule 3 (Mandatory Cost Formulae).

Margin means, in relation to an Advance at any time, the percentage rate per annum determined to be the Margin applicable to that Advance in accordance with Clause 8.10 (Margin).

Material Adverse Effect means any event or circumstance which has a material adverse effect on the ability of the Obligors (taken as a whole) to perform their payment or other material obligations under any of the Finance Documents.

Material Contracts means:

- (a) the Interconnect Agreements;

- (b) the Priority Pledge;
- (c) the Shareholders' Agreements, as from time to time amended, varied, restated or replaced, in each case in a manner that does not constitute an Event of Default under Clause 18.18 (Material Contracts); and
- (d) each other agreement agreed as such by the Facility Agent and UPC Broadband.

Material Subsidiary means any Subsidiary of UPC Broadband which accounts for more than five per cent. of one or more of:

- (a) the book value of the consolidated assets of the Borrower Group; or
- (b) the consolidated revenues of the Borrower Group; or
- (c) consolidated EBITDA of the Borrower Group,

all as shown in the financial statements most recently delivered under Clause 16.2(a) or (b) (Financial information) (except that for purposes of determining the consolidated revenues and consolidated EBITDA of the Borrower Group in respect of the financial statements delivered under Clause 16.2(b) (Financial information), the respective amounts of such revenues and such EBITDA shall equal two times the consolidated revenues and consolidated EBITDA, respectively, of the Borrower Group during the relevant Ratio Period ending on the date to which such financial statements are prepared).

If a Subsidiary which is not a Material Subsidiary on the basis of the most recent such financial statements most recently delivered receives on any date (the **Relevant Date**) a transfer of assets or the right to receive any revenues or other earnings which, taken together with the existing assets or, as the case may be, revenues or earnings of that Subsidiary, would satisfy either of the tests in paragraphs (a), (b) or (c) above, then that Subsidiary shall also be a Material Subsidiary on and from the Relevant Date. If a Material Subsidiary disposes of any assets or the right to receive any revenues or earnings such that it would on the basis of the most recent such financial statements most recently delivered cease to be a Material Subsidiary, then it shall be excluded as a Material Subsidiary on and from the date it makes such disposal.

Mid-Interest Period Transfer means an assignment, transfer or novation by an Existing Lender of all or any of its rights and/or obligations in respect of an Advance under this Agreement in accordance with Clause 26.2 (Transfers by Lenders) where such assignment, transfer or novation:

- (a) includes the assignment or transfer of the right to receive an amount of principal and interest under this Agreement; and
- (b) is made on a day other than the last day of an Interest Period.

Necessary Authorisations means all material approvals, consents, authorisations and licences (other than the Licences) from, all rights granted by and all filings, registrations and agreements with, any government or other regulatory authority necessary in order to enable each member of the Borrower Group to carry on its business as may be permitted by the terms of this Agreement as carried on by it at the relevant time.

Net Equity Proceeds means any cash proceeds (net of issue expenses) received by or for the account of a member of UGCE Borrower Group from any issued securities constituting or convertible or exchangeable (with or without conditions) into, share capital of that member of the UGCE Borrower Group (but excluding any proceeds received from an issue of Relevant Convertible Preference Shares).

Net Proceeds means the aggregate cash (or cash equivalent) proceeds received by any member of the Borrower Group in consideration for or otherwise in respect of a relevant disposal, net of all

Taxes applicable on, or to any gain resulting from, that disposal and of all reasonable costs, fees and expenses properly incurred by continuing members of the Borrower Group in arranging and effecting that disposal.

Network means the networks operated from time to time by any member of the Borrower Group pursuant to the Licences and in accordance with this Agreement.

New Lender has the meaning given to it in Clause 26.2 (Transfers by Lenders).

New Beneficiaries means the Beneficiaries as defined in the New Security Deed.

New Facility means the €1,072,000,000 secured credit facility provided pursuant to the New Facility Agreement, consisting of the New Facility D and the Additional Facility.

New Facility D means "Facility D" as defined in the New Facility Agreement.

New Facility Agreement means the €1,072,000,000 secured credit agreement between TD Bank Europe Limited as facility agent, UPC Broadband as borrower, the New Facility Lenders and others dated 16th January, 2004 as amended from time to time.

New Facility Borrower means a Borrower as defined in the New Facility Agreement.

New Facility Lender means a Lender as defined in the New Facility Agreement.

New Finance Document means a Finance Document as defined in the New Facility Agreement.

New Security Deed means the security deed entered into on or about the date of the Amendment and Restatement Agreement between, among others, each Obligor, the facility agent and security agent under the New Facility Agreement, the New Facility Lenders, the High Yield Hedging Banks and each Subordinated Creditor and includes each Deed of Accession (as defined in the New Security Deed) entered into in relation to the New Security Deed.

New Security Document means:

- (a) the Security Documents as defined in paragraph (a) of the definition of "Security Documents" in the New Facility Agreement; and
- (b) any other Security Document as defined in paragraph (b) of the definition of "Security Documents" in the New Facility Agreement, provided that the Security Interest(s) granted under any such Security Document are simultaneously granted on the same terms (save for variations directly attributable to the identity of the parties and the loan amounts) to the Security Agent on behalf of the Beneficiaries to secure the Secured Obligations (as defined in the Security Deed).

non-Distribution Business Assets has the meaning given to it in Clause 16.10(b)(x) (Disposals).

Norwegian Kroner means the lawful currency of Norway for the time being.

Novation Certificate has the meaning given to it in Clause 26.3(a)(i) (Procedure for novations).

Obligor means a Borrower or a Guarantor including, for the purposes of Clause 18 (Default), any Subsidiary of UPC Broadband that is required to become a Guarantor under Clause 26.4 (Additional Guarantors) but has not yet become a Guarantor.

Obligor Pledge of Shareholder Loans means the deeds of pledge of shareholder loans entered into between certain Obligors and the Security Agent listed in sub-paragraphs 3(a), (c), (d), (e), (f) and (g) of Schedule 7 (Security Documents) and any other deed of pledge of shareholder loans in substantially the same form entered into by an Obligor pursuant to any such deed of pledge or Clause 16.14(a) (Loans and guarantees) or Clause 26.4 (Additional Guarantors).

Obligors' Framework Agreement means the Framework Agreement (as defined in any Obligor Pledge of Shareholder Loans).

Optional Currency means Norwegian Kroner, Swedish Kroner or any other currency readily available in the amount required and freely convertible into euros in the European interbank market on the relevant Rate Fixing Day and the relevant Utilisation Date and approved by the Facility Agent (acting on the instructions of all the Facility A Lenders) on or prior to receipt by the Facility Agent of the relevant Request for a Facility A Advance denominated in that currency.

Original Borrower Group Financial Statements means the financial statements of the Borrower Group for the Accounting Period ended 31st March, 2000 (comprising the unaudited compiled financial statements of each of the Obligors for the Accounting Period ended 31st March, 2000 and a combination of those financial statements).

Original Euro Amount means:

- (a) the principal amount of a Facility A Advance, Facility B Advance or Facility C Advance (as applicable) denominated in euros; or
- (b) the principal amount of a Facility A Advance, Facility B Advance or Facility C Advance (as applicable) denominated in any other currency, translated into euros on the basis of the Agent's Spot Rate of Exchange on the date of receipt by the Facility Agent of the Request for the relevant Advance (in the case of a Facility A Advance or a Facility B Advance) or on the Utilisation Date (in the case of a Facility C2 Advance).

Participating Member State means a member state of the European Community that adopts or has adopted the euro as its lawful currency in accordance with legislation of the European Community for Economic Monetary Union.

Party means a party to this Agreement.

Permitted Acquisition means:

- (a) any Acquisition of a member of the Borrower Group by any other member of the Borrower Group as part of the solvent reorganisation of the Borrower Group; or
- (b) any Acquisition where, upon completion of the Acquisition, the person acquired will be a Subsidiary of UPC Broadband or where UPC Broadband or one of its Subsidiaries which is a member of the Borrower Group will own directly or indirectly greater than a 50 per cent. interest in the asset or assets constituting the acquired business (a **Majority Acquisition**) and where:
 - (i) the business of the acquired entity or the business acquired, as the case may be, is of the same nature as the business of the Borrower Group as at the Effective Date (as defined in the New Facility Agreement) and is carried out principally in Europe (other than Great Britain or Germany);
 - (ii) in the case of any Majority Acquisition where the Acquisition Cost is €40,000,000 or greater, UPC Broadband delivers to the Facility Agent:
 - (A) a Borrower Group Business Plan which must:
 - I. contain cash flow projections which show that the sum of the undrawn Total Facility A Commitments, any undrawn Additional Facility Commitments (as defined in the New Facility Agreement) that are available to be drawn for the general corporate and working capital purposes of the Borrower Group and Unrestricted Cash, taking into account the proposed Majority Acquisition, is projected to be greater than €100,000,000 on the date on which financial

covenants relating to the eleventh quarterly Accounting Period after the quarterly Accounting Period in which the Acquisition is made are tested under Clause 17 (Financial Covenants); and

- II. contain financial projections which demonstrate that the Borrowers will be in compliance with the undertaking set out in Clause 17 (Financial Covenants) for the period from completion of the Acquisition (taking into account the Acquisition Cost of such Acquisition) to the Final Maturity Date; and
- (B) an Acquisition Business Plan;
- (iii) UPC Broadband delivers to the Facility Agent the most recent six-months management accounts of or relating to the Target, together with a certificate signed by two managing directors or the sole managing director, as the case may be, of UPC Broadband certifying the amount of the Cash Flow of the Target for the most recent six months and setting out the supporting calculations;
 - (iv) no Default has occurred and is continuing or would be caused by the Majority Acquisition; and
 - (v) UPC Broadband delivers to the Facility Agent a certificate signed by two managing directors or the sole managing director of UPC Broadband which certifies that, if the ratio of Senior Debt to Annualised EBITDA of the Borrower Group was re-calculated for the most recent Ratio Period ending prior to the date of the Acquisition for which financial statements have been delivered pursuant to Clause 16.2(a) or (b) (Financial information) (the **Relevant Ratio Period**) but adding to the:
 - (A) amount of Senior Debt used in such calculation any net increase in the Senior Debt of the Borrower Group since the end of the Relevant Ratio Period or subtracting from the amount of Senior Debt used in such calculation any net deduction in the Senior Debt of the Borrower Group since the end of the Relevant Ratio Period (in each case taking into account the amount of Senior Debt used to fund the Acquisition Cost); and
 - (B) Annualised EBITDA of the Borrower Group the Annualised EBITDA of the Target for the Relevant Ratio Period,the ratio of Senior Debt to Annualised EBITDA of the Borrower Group would be less than the higher of:
 - (I) 4.0:1; and
 - (II) the ratio of Senior Debt to Annualised EBITDA of the Borrower Group for the Relevant Ratio Period.

All references in this definition to euro or € shall, where applicable, mean the equivalent in any other currency, converted to euro, based on the Agent's Spot Rate of Exchange at the relevant time.

Permitted Borrower Group Guarantee Facilities means the guarantee facilities under which UPC Broadband and/or any of its Subsidiaries can draw guarantees up to a maximum aggregate principal amount of €10,000,000.

Permitted Borrower Group Revolving Credit Facility means the revolving credit facility to be entered into after the date of the Amendment Deed by UPC Broadband as borrower, under which UPC Broadband can borrow revolving advances for general corporate and working capital purposes of the Borrower Group up to a maximum principal amount of €10,000,000.

Permitted Business means the carrying on of the Business in Europe.

Permitted Financial Indebtedness has the meaning given to it in Clause 16.12(b) (Restrictions on Financial Indebtedness).

Permitted Joint Venture means:

- (a) any Acquisition referred to in paragraph (b) of the definition of "Permitted Acquisition" and any Acquisition as a result of a reorganisation of a person that is not a Subsidiary of UPC Broadband but in which a member of the Borrower Group has an interest, provided that such reorganisation does not result in an overall increase in the value of the Borrower Group's interest in that person, other than adjustments to the basis of any member of the Borrower Group's interest in accordance with GAAP; or
- (b) any Acquisition where, upon completion of the Acquisition, the person acquired will not be a Subsidiary of UPC Broadband or where UPC Broadband or one of its Subsidiaries which is a member of the Borrower Group will own directly or indirectly no more than a 50 per cent. interest in the asset or assets constituting the acquired business (a **JV Minority Acquisition**) and where:
 - (i) the business of the acquired entity or the business acquired, as the case may be, is of the same nature as the business of the Borrower Group as at the Effective Date (as defined in the New Facility Agreement) and is carried out principally in Europe (other than Great Britain or Germany);
 - (ii) in the case of any JV Minority Acquisition where the Acquisition Cost is €40,000,000 or greater, UPC Broadband delivers to the Facility Agent:
 - (A) a Borrower Group Business Plan which must:
 - (I) contain cash flow projection which show that the sum of the undrawn Total Facility A Commitments, any undrawn Additional Facility Commitments (as defined in the New Facility Agreement) that are available to be drawn for the general corporate and working capital purposes of the Borrower Group and Unrestricted Cash, taking into account the proposed JV Minority Acquisition, is projected to be greater than €100,000,000 on the date on which financial covenants relating to the eleventh quarterly Accounting Period after the quarterly Accounting Period in which the Acquisition is made are tested under Clause 17 (Financial Covenants); and
 - (II) contain financial projections which demonstrate that the Borrowers will be in compliance with the undertaking set out in Clause 17 (Financial Covenants) for the period from completion of the Acquisition (taking into account the Acquisition Cost of such Acquisition) to the Final Maturity Date; and
 - (B) an Acquisition Business Plan;
 - (iii) UPC Broadband delivers to the Facility Agent the most recent six-months management accounts of or relating to the Target, together with a certificate signed by two managing directors or the sole managing director, as the case may be, of UPC Broadband certifying the amount of the Cash Flow of the Target for the most recent six months and setting out the supporting calculations;
 - (iv) no Default has occurred and is continuing or would be caused by the JV Minority Acquisition; and

- (v) UPC Broadband delivers to the Facility Agent a certificate signed by two managing directors or the sole managing director of UPC Broadband which certifies that, if the ratio of Senior Debt to Annualised EBITDA of the Borrower Group was re-calculated for the most recent Ratio Period ending prior to the date of the Acquisition for which financial statements have been delivered pursuant to Clause 16.2(a) or (b) (Financial information) (the **Relevant Ratio Period**) but adding to the:
- (A) amount of Senior Debt used in such calculation any net increase in the Senior Debt of the Borrower Group since the end of the Relevant Ratio Period or subtracting from the amount of Senior Debt used in such calculation any net deduction in the Senior Debt of the Borrower Group since the end of the Relevant Ratio Period (in each case taking into account the amount of Senior Debt used to fund the Acquisition Cost); and
- (B) Annualised EBITDA of the Borrower Group the Annualised EBITDA of the Target for the Relevant Ratio Period,
- the ratio of Senior Debt to Annualised EBITDA would be less than the higher of:
- (I) 4.0:1; and
- (II) the ratio of Senior Debt to Annualised EBITDA for the Relevant Ratio Period.

All references in this definition to euro or € shall, where applicable, mean the equivalent in any other currency, converted to euro, based on the Agent's Spot Rate of Exchange at the relevant time.

Permitted Payment has the meaning given to it in Clause 16.13(c) (Restricted Payments).

Permitted Security Interest means:

- (a) any Security Interest arising hereunder or under any Security Document;
- (b) any Security Interest arising under any New Security Document;
- (c) any liens arising in the ordinary course of business by way of contract which secure indebtedness under any agreement for the supply of goods or services in respect of which payment is not deferred for more than 180 days (or 360 days if such deferral is in accordance with the terms pursuant to which the relevant goods were acquired or services were provided);
- (d) any Security Interest imposed by any taxation or governmental authority in respect of amounts which are being contested in good faith and not yet payable and for which adequate reserves have been set aside in the books of the Borrower Group (or, as the case may be, UPC Broadband Holdco) in respect of the same in accordance with GAAP;
- (e) any Security Interests approved in writing by the Agent (acting on the instructions of the Majority Lenders);
- (f) any Security Interest in favour of any bank incurred in relation to any cash management arrangements;
- (g) rights of set-off arising in the ordinary course of business;
- (h) any Security Interest securing any Financial Indebtedness referred to in Clause 16.12(b)(xi) (Restrictions on Financial Indebtedness), provided that (A) such Security Interest was not created in contemplation of the acquisition of such company, (B) the debt secured by such Security Interest is not increased beyond that secured at the date the company in question is acquired and such Security Interest secures only that debt and

(C) such Encumbrance is discharged within 12 months of completion of the relevant acquisition;

- (i) any Security Interest over non-Distribution Business Assets referred to in Clause 16.12(b)(xii) (Restrictions on Financial Indebtedness), securing Financial Indebtedness described therein or any other obligation in respect of such non-Distribution Business Assets;
- (j) the Security Interest arising under the deed of pledge and deed of mortgage (the **KTA Pledge and Mortgage**) that was granted to the Municipality of Amsterdam by Kabletelevisie Amsterdam B.V. (**KTA**) on 8th May, 2002 under the agreement between the Municipality of Amsterdam and KTA in respect of the construction, maintenance and operation of a cable network in the Municipality of Amsterdam provided that no material changes are made to the terms of the KTA Pledge and Mortgage;
- (k) Security Interests arising under agreements entered into in the ordinary course of business relating to (i) network leases or (ii) the leasing of (A) buildings; (B) cars; and (C) other operational equipment;
- (l) any Security Interest securing Financial Indebtedness arising under the Permitted Borrower Group Revolving Credit Facility or the Permitted Borrower Group Guarantee Facilities provided that any such Security Interest will constitute a Security Interest over assets that are not secured or required to be secured as at the date of the Amendment Deed under the Finance Documents or the New Finance Documents; and
- (m) any Security Interests not falling within paragraphs (a) to (k) above and securing indebtedness (other than indebtedness in relation to an Acquisition) not exceeding €15,000,000 (or its equivalent).

Plan means a plan that is subject to section 302 or regulated by Title IV of ERISA maintained by any member of the Borrower Group or any ERISA Affiliate currently or at any time within the last five years, or to which any member of the Borrower Group or any ERISA Affiliate is required to make payments or contributions or has made payments or contributions within the past five years.

Pledge of Subordinated Shareholder Loans means the deed of pledge and subordination of Subordinated Shareholder Loans entered into between certain Restricted Persons and the Security Agent listed in sub-paragraph 3(b) of Schedule 7 (Security Documents) and any other deed of pledge entered into pursuant to any such deed of pledge or Clause 16.25(a) (Shareholder Loans).

Polska Holdco means:

- (a) UPC Poland Holding B.V. (previously called UPC Telecom NV); and
- (b) if the entity referred to in (a) above:
 - (i) consolidates with or merges with or is acquired by any other person or persons; or
 - (ii) directly or indirectly, sells, leases, conveys or transfers all or substantially all of its assets to any other person or persons,

the successor person (including any Holding Company which holds all the shares of Polska Holdco) formed by such consolidation or into which such entity is merged or to which such conveyance, transfer or lease is made.

Priority Pledge means the pledge entered into between UPC Broadband as pledgee and Priority Telecom Netherlands N.V. as pledgor dated 30th August, 2002 in relation to telephony switches.

Professional Market Party means a professional market party (*professionele marktpartij*) under the Dutch Exemption Regulation.

Rate Fixing Day means:

- (a) the Utilisation Date of an Advance denominated in Sterling;
- (b) the second Business Day before the Utilisation Date of an Advance denominated in a currency other than euros or Sterling; or
- (c) the second TARGET Day before the Utilisation Date of an Advance denominated in euros,

or such other day on which it is market practice in the London or, as the case may be, European interbank market for leading banks to give quotations in the relevant currency for delivery on the first day of the relevant Utilisation Date.

Ratio Period has the meaning given to it in Clause 17.1 (Financial definitions).

Reference Banks means, subject to Clause 26.5 (Reference Banks), the principal London offices of JPMorgan Chase Bank, The Toronto-Dominion Bank and CIBC World Markets plc.

Related Fund means, with respect to any Facility C Lender that is a fund that invests in commercial loans, any other fund that invests in commercial loans and is administered or managed by (a) that Facility C Lender, (b) any Affiliate of that Facility C Lender or (c) the same investment adviser (or an Affiliate of that investment adviser) that administers or manages that Facility C Lender.

Relevant Convertible Preference Shares means, at any time, convertible preference shares issued by a member of the UGCE Borrower Group but excluding:

- (a) convertible preference shares that cannot in accordance with their terms be redeemed for cash:
 - (i) before the date on which all amounts outstanding under the Finance Documents and the New Finance Documents have been repaid or prepaid in full; or
 - (ii) (if they can be redeemed for cash before that date) until the ratio of Senior Debt to Annualised EBITDA (i) is 3.5:1 or less for the two immediately preceding consecutive Ratio Periods and (ii) will be less than 3.5:1 immediately after such cash redemption; and
- (b) convertible preference shares issued by a member of the UGCE Borrower Group and subscribed for by a member of the Wider Group.

Relevant Eastern European Subsidiary means any Subsidiary of any Obligor which Subsidiary is incorporated and has all its material operations in Eastern Europe, provided that the aggregate of the contributions of the Relevant Eastern European Subsidiaries to the consolidated total assets, consolidated revenues and consolidated EBITDA of the Borrower Group attributable to Eastern Europe does not exceed in aggregate 10 per cent.

For the purposes of this definition, consolidated revenues and consolidated EBITDA of the Borrower Group or any Subsidiary of an Obligor shall be determined by reference to the 12 month period ending on the most recent date in respect of which financial statements have been delivered to the Facility Agent under Clause 16.2(b) (Financial information) and consolidated total assets shall be determined as at such date by reference to such financial statements.

Relevant Event means a Default in relation to (a) Clause 18.2 (Non-payment) or (b) Clause 17.2 (Financial ratios).

Repayment Date means each date identified in Clause 6.1 (Repayment of Facility A Advances).

Repayment Instalment means each Facility B Repayment Instalment (as defined in Clause 6.2 (Repayment of Facility B Advances)) and each Facility C Repayment Instalment (as defined in Clause 6.3 (Repayment of Facility C Advances)).

Reportable Event means:

- (a) an event specified as such in section 4043 of ERISA or any regulation promulgated thereunder with respect to a Plan that is subject to Title IV of ERISA, other than an event in relation to which the requirement to give 30 days notice of that event is waived by any regulation; or
- (b) a failure to meet the minimum funding standard under section 412 of the Code or section 302 of ERISA with respect to a Plan that is subject to such sections of the Code and ERISA, whether or not there has been any waiver of notice or waiver of the minimum funding standard under section 412 of the Code.

Request means a request made by a Borrower to utilise any of the Facilities and, subject to Clause 5.2 (Form of Request), substantially in the form of Part 1 of Schedule 4 (Form of Request).

Requested Amount means the amount requested in a Request.

Restricted Payment has the meaning given to it in Clause 16.13(b) (Restricted Payments).

Restricted Person means UGCE Inc., UPC, Belmarken, UPC Holding, any other company (not being a member of the Borrower Group) which is a Subsidiary of, or an Associated Company of, UGCE Inc. (other than Associated Companies of UGCE Inc. which are its Associated Companies by virtue of controlling UGCE Inc. or owning beneficially and/or legally directly or indirectly 10 per cent. or more of the equity interests in UGCE Inc.).

Restricted Person's Framework Agreement means the Framework Agreement as defined in any Pledge of Subordinated Shareholder Loans.

Restructuring means the transfer of share capital and intercompany receivables that took place following the Signing Date so that the Borrower Group was restructured to consist of UPC Broadband and its Subsidiaries as described in the structure chart set out at Schedule 10 (Borrower Group Structure).

Rollover Advance means one or more Facility A Advances:

- (a) made or to be made on the same day that a maturing Facility A Advance is due to be repaid;
- (b) the aggregate Original Euro Amount of which is equal to or less than the Original Euro Amount of the maturing Facility A Advance; and
- (c) made or to be made to UPC Broadband for the purpose of refinancing a maturing Facility A Advance.

Sale and Purchase Agreements means the following sale and purchase agreements relating to the sale and transfer of shares and receivables entered into on 9th April, 2003 between:

- (a) UPC, Belmarken, UPC Holding, UPC Broadband and UPC Broadband Operations B.V. (previously called UPC Operations B.V.);
- (b) UPC, Belmarken, UPC Holding and UGC Europe Services B.V. (previously called UPC Services B.V.);
- (c) UPC, Belmarken, UPC Holding, UPC Broadband and UPC Broadband Holding Services B.V. (previously called UPC Holding Services B.V.); and
- (d) UPC, Belmarken, UPC Holding, UPC Broadband and UPC Services Ltd.

Screen Rate means:

- (a) in relation to LIBOR, the British Bankers Association Interest Settlement Rate for the relevant currency and period; and
- (b) in relation to EURIBOR, the percentage rate per annum determined by the Banking Federation of the European Union for the relevant period, displayed on the appropriate page of the Reuters screen. If that page is replaced or the service ceases to be available, the Facility Agent may specify another page or service displaying the appropriate rate after consultation with UPC Broadband and the Lenders.

Security Deed means the Security Deed dated 26th October, 2000 between, among others, each Obligor, the Facility Agent, the Security Agent, the Lenders, the Senior Hedging Banks, the High Yield Hedging Banks and each Subordinated Creditor and includes each Deed of Accession (as defined in the Security Deed) entered into in relation to the Security Deed.

Security Documents means:

- (a) the documents listed in Schedule 7 (Security Documents); and
- (b) such other security documents as may from time to time be entered into in favour of any Beneficiary pursuant to any of the Finance Documents (including without limitation any other Obligor Pledge of Shareholder Loans or Pledge of Subordinated Shareholder Loans, any security document referred to in Clause 16.23 (UPC Broadband Pledged Account), Clause 16.24 (Share security) or Clause 16.26 (Further security over receivables) and any security document provided to the Security Agent in connection with the accession of an Additional Guarantor pursuant to Clause 26.4 (Additional Guarantors) and Part 2 of Schedule 2 (Conditions Precedent Documents) or otherwise.

Security Interest means any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment by way of security, trust arrangement for the purpose of providing security or other security interest of any kind securing any obligation of any person or any other arrangement having the effect of conferring rights of retention or other disposal rights over an asset (including without limitation title transfer and/or retention arrangements having a similar effect or a deposit of money with the primary intention of affording a right of set-off) and includes any agreement to create any of the foregoing but does not include (a) liens arising in the ordinary course of business by operation of law and not by way of contract and (b) any grant of indefeasible rights of use or equivalent arrangements with respect to network capacity, communications, fibre capacity or conduit.

Security Provider's Deed of Accession has the meaning given to it in the Security Deed.

Senior Beneficiary has the meaning given to the term in the Security Deed.

Senior Debt has the meaning given to it in Clause 17.1 (Financial definitions).

Senior Hedging Agreements means any Cash Flow Hedging Agreement and all interest rate and/or currency swap and/or interest rate and/or currency cap and/or other interest rate and/or currency hedging agreements entered into or to be entered into by any member of the Borrower Group with any of the Senior Hedging Banks from time to time in relation to the Borrower Group's floating rate interest exposure and/or currency exposure and for the avoidance of doubt shall include, without limitation, the hedging arrangements entered into between UPC Broadband and Bank of America, N.A. and the hedging arrangements entered into between UPC Broadband and JP Morgan Chase Bank, each as described in schedules 1 and 2 respectively of the letter dated 20th December, 2002 between the Facility Agent on behalf of the Majority Lenders and UPC Broadband.

Senior Hedging Bank means a Lender or its Affiliate or a "Lender" or its "Affiliate" as defined in the New Facility Agreement which is or becomes a party to the Security Deed as a senior hedging bank.

Senior Hedging Counterparty means any member of the Borrower Group that enters into a Senior Hedging Agreement.

Serviceable Subordinated Debt means any Financial Indebtedness not prohibited by the Finance Documents or the New Finance Documents (including, for the avoidance of doubt, High Yield Notes and Relevant Convertible Preference Shares) which is raised by an entity that is not a member of the Borrower Group, all or part of the proceeds of which are on-lent directly or indirectly to a member of the Borrower Group by a Subordinated Creditor by means of a Subordinated Shareholder Loan provided that all or part of such proceeds are applied in permanent prepayment and cancellation of the Facilities in accordance with this Agreement or of the New Facility D in accordance with the New Facility Agreement.

Shareholder means UGCE Inc. or a Subsidiary (as defined in any relevant Indenture) of UGCE Inc.

Shareholders' Agreements means the agreements listed in Schedule 11 (Shareholders' Agreements).

Signing Date means the date of this Agreement.

Sterling means the lawful currency for the time being of the United Kingdom.

Subordinated Creditor means any Restricted Person who has, at any relevant time, entered into a Pledge of Subordinated Shareholder Loans and the Security Deed or a Security Provider's Deed of Accession.

Subordinated Shareholder Loans means any Financial Indebtedness of any member of the Borrower Group owed to a Subordinated Creditor.

Subsidiary of a person means any company or entity directly or indirectly controlled by such person, for which purpose **control** means ownership of more than 50 per cent. of the economic and/or voting share capital (or equivalent right of ownership of such company or entity).

Swedish Kronor means the lawful currency of Sweden for the time being.

Syndication Letter means the letter dated on or about the Signing Date between the Borrowers and the Lead Arrangers relating to the syndication of the Facilities.

Target means any assets or entity which is or are the subject of an Acquisition or Additional Acquisition (as applicable) in accordance with the terms of this Agreement.

TARGET Day means a day on which the Trans-European Automated Real-Time Gross Settlement (TARGET) System is operating.

Taxes or **Tax** means all present and future taxes, imposts, duties, levies, fees or charges of a similar nature, together with interest thereon and penalties in respect thereof.

Telecommunications and Cable Law means all laws, statutes, regulations and judgments relating to telecommunications, cable television and data services applicable to any member of the Borrower Group and/or the business carried on by any member of the Borrower Group in any jurisdiction in which a member of the Borrower Group is incorporated or formed or in which such member has its principal place of business or owns any material assets.

Telekabel Wien means Telekabel Wien GmbH a company incorporated under the laws of Austria with its corporate seat at Erlachgasse 116, 1100 Wien, Austria and with registration number FN 84116a.

Third Party Debt means any Financial Indebtedness which is owed to any person other than a member of the Wider Group (but, for the avoidance of doubt, excluding any indebtedness arising under any instrument that does not impose any obligations on the obligor to make any cash payment and does not permit such obligor to elect to make any cash payments and to the extent only that such instrument is not amended so as to become an instrument under which there are (or may be) cash payment obligations).

Total Cash Interest has the meaning given to it in Clause 17.1 (Financial definitions).

Total Debt has the meaning given to it in Clause 17.1 (Financial definitions).

Total Facility A Commitments means the aggregate for the time being of the Facility A Commitments.

Total Facility B Commitments means the aggregate for the time being of the Facility B Commitments.

Total Facility C Commitments means the aggregate for the time being of the Facility C Commitments.

UGC means:

- (a) UnitedGlobalCom, Inc. a corporation incorporated in the State of Delaware, United States and, as of the Signing Date, having its business office at 4643 South Ulster Street, Suite 1300, Denver, Colorado 80237 U.S.A.; and
- (b) if the entity referred to in (a) above:

- (i) consolidates with or merges with any other person or persons; or
- (ii) directly or indirectly, sells, leases, conveys or transfers all or substantially all of its assets to any other person or persons,

the successor person formed by such consolidation or into which such entity is merged or to which such conveyance, transfer or lease is made.

UGC Convertible means the €500,000,000 convertible notes issued by UGC on or about 2nd April, 2004 due 15th April, 2024.

UGCE Borrower Group means:

- (a) UGCE Inc.;
- (b) any other company of which UPC Broadband is a Subsidiary and which is a Subsidiary of UGCE Inc.; and
- (c) UPC Holding II.

UGCE Inc. means:

- (a) UGC Europe Inc. a company organised under the laws of the State of Delaware; and
- (b) if the entity referred to in (a) above:
 - (i) consolidates with or merges with any other person or persons; or
 - (ii) directly or indirectly, sells, leases, conveys or transfers all or substantially all of its assets to any other person or persons,

the successor person formed by such consolidation or into which such entity is merged or to which such conveyance, transfer or lease is made.

United States or **US** means the United States of America.

Unpaid Sum means any sum due and payable but unpaid by an Obligor under the Finance Documents.

Unrestricted Cash has the meaning given to that term under GAAP.

Unrestricted Subsidiary means each Subsidiary of UPC Broadband and, prior to the Restructuring, each Subsidiary of each Obligor that is not a Subsidiary of UPC Broadband, the acquisition cost of which and whose on-going funding requirements are not funded directly or indirectly (in whole or in part) by any member of the Borrower Group by way of drawings under the Facilities and which is designated by UPC Broadband in writing as an Unrestricted Subsidiary.

UPC means United Pan-Europe Communications N.V., a public limited liability company incorporated under the laws of The Netherlands and, as of the Signing Date, with its registered office at Amsterdam and its business office at Boeing Avenue 53, 1119 PE Schiphol Rijk, Amsterdam, The Netherlands.

UPC Broadband Holdco means the immediate Holding Company of UPC Broadband from time to time, being UPC Holding as of the Signing Date.

UPC Broadband Pledged Account has the meaning given in Clause 16.23(b) (UPC Broadband Pledged Account)

UPC Holding means UPC Holding B.V., a limited liability company incorporated under the laws of The Netherlands and, as of the Signing Date, with its registered office at Amsterdam and its business office at Boeing Avenue 53, 1119 PE Schiphol Rijk, Amsterdam, The Netherlands.

UPC Holding II means UPC Holding II B.V., a limited liability company incorporated under the laws of The Netherlands and, as of the Signing Date, with its registered office at Amsterdam and its business office at Boeing Avenue 53, 1119 PE Schiphol Rijk, Amsterdam, The Netherlands.

UPC Polska means UPC Polska LLC.

UPC Polska Restructuring means the proposed financial restructuring relating to UPC Polska, as particularly described in the First Amended Disclosure Statement dated 27th October, 2003, pursuant to which UPC Polska intends to restructure its capital structure and effectuate an overall compromise and settlement with certain parties and co-issue notes, stock and distribute cash in consideration for the transfer of claims outstanding under certain notes.

US Dollars and **US\$** means the lawful currency for the time being of the United States.

US Obligor has the meaning given to it in Clause 18.6(c) (Insolvency).

Utilisation Date means, in relation to each Advance, the date specified as such in the relevant Request or, on and after the making and/or issue thereof pursuant to such Request, the date on which it was made and/or issued.

VAT means value added or similar tax.

Verification Letter means a letter substantially in the form of Part 3 of Schedule 5 (Form of Verification Letter).

Western Europe means the countries that comprised the European Community as at the Effective Date, Scandinavia and Switzerland.

Wider Group means UGCE Inc. and each of its Affiliates including (for the avoidance of doubt) UGC, Liberty Global, Inc. and Liberty Media International, Inc. or any of their respective Subsidiaries.

1.2 Construction

(a) In this Agreement, unless the contrary intention appears, a reference to:

- (i) a document being in the **agreed form** means a document (A) in a form previously agreed in writing by or on behalf of the Facility Agent and UPC Broadband, or (B) in a form substantially as set out in any Schedule to any Finance Document, or (C) (if not falling within (A) or (B) above) in form and substance satisfactory to the Lenders and initialled by or on behalf of the Facility Agent and UPC Broadband for the purposes of identification;

amendment includes a supplement, novation or re-enactment and **amended** is to be construed accordingly;

assets includes all or any part of any business, undertaking, real property, personal property, uncalled capital and any rights (whether actual or contingent, present or future) to receive, or require delivery of, any of the foregoing;

references to the **equivalent** of an amount specified in a particular currency (the **specified currency amount**) shall be construed as a reference to the amount of the other relevant currency which can be purchased with the specified currency amount in the London foreign exchange market at or about 11.00 a.m. on the day on which the calculation falls to be made for spot delivery as determined by the Facility Agent in accordance with its customary practices;

European interbank market means the interbank market for euro operating in Participating Member States;

a **guarantee** includes a reference to an indemnity or other assurance against financial loss including, without limitation, an obligation to purchase assets or services as a consequence of a default by any other person to pay any indebtedness and **guaranteed** shall be construed accordingly;

indebtedness is a reference to any obligation for the payment or repayment of money, whether as principal or as surety and whether present or future, actual or contingent;

a **month** is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that, if there is no numerically corresponding day in the month in which that period ends, that period shall end on the last Business Day in that month;

permanent prepayment and cancellation means, in relation to any facility, a permanent prepayment of outstanding advances under that facility with a corresponding permanent cancellation of the total commitments in relation to that facility;

a **person** includes any individual, firm, company, corporation, unincorporated body of persons or any state or any of its agencies;

a **regulation** includes any present or future regulation, rule, directive, requirement, request or guideline (whether or not having the force of law but, if not having the force of law, only if compliance therewith is in accordance with the general practice of the relevant persons to whom it is intended to apply or, in the case of Clause 12 (Increased Costs) only, the relevant Finance Party or its Holding Company) of any agency, authority, central bank or government department or any self-regulatory or other national or supra-national authority;

- (ii) a provision of a law is a reference to that provision as amended, re-enacted or extended;
 - (iii) a Clause or a Schedule is a reference to a clause of or a schedule to this Agreement;
 - (iv) a person includes its successors, transferees and assigns;
 - (v) (or to any specified provision of) this Agreement or any other document shall be construed, save where expressly provided to the contrary in this Agreement, as a reference to this Agreement, that provision or that document as in force for the time being and as from time to time amended in accordance with its terms, or, as the case may be, with the agreement of the relevant parties and (where such consent is, by the terms of this Agreement or the relevant document, required to be obtained as a condition to such amendment being permitted) the prior written consent of the Facility Agent, all of the Lenders or the Majority Lenders or Majority Facility C Lenders (as the case may be);
 - (vi) other than in the definition of "EURIBOR" in Clause 1.1 (Definitions), a time of day is a reference to London time; and
 - (vii) words importing the plural include the singular and vice versa.
- (b) Unless the contrary intention appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.
 - (c) The index to and the headings in this Agreement are for convenience only and are to be ignored in construing this Agreement.
 - (d) Unless expressly provided to the contrary in a Finance Document, a person who is not a party to a Finance Document may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999.
 - (e) Notwithstanding any term of any Finance Document, the consent of any third party is not required for any variation (including any release or compromise of any liability under) or termination of that Finance Document.

1.3 Replacement Facility

This Agreement, the other Finance Documents and any related notes, guarantees, collateral documents, instruments and agreements executed in connection therewith replace the €1,000,000,000 Loan and Note Issuance Agreement dated 27th July, 1999 between, amongst others, UPC Facility B.V., Telekabel Wien and UPC Norge A/S (formerly Janco Multicom A/S) as borrowers and The Toronto-Dominion Bank as agent (the **UPCF Facility Agreement**) and any related notes, guarantees, collateral documents, instruments and agreements executed in connection with the UPCF Facility Agreement except as provided in this Agreement or otherwise.

1.4 New Facility Agreement

- (a) Unless expressly stated to the contrary and subject to paragraph (b), references in any of the Finance Documents to the New Finance Documents and to terms defined in, and provisions of, any of the New Finance Documents, shall be references to the relevant New Finance Document and such terms and provisions as at the Effective Date, as the same may be amended with the prior written approval of the Facility Agent (acting on the instructions of the Majority Lenders) from time to time.
- (b) References in any of the Finance Documents to any Finance Party (as defined in the New Facility Agreement) shall include such Finance Party's permitted successors, transferees or assigns from time to time.

2. THE FACILITIES

2.1 Facilities

The relevant Lenders grant to the Borrowers:

- (a) a committed €750,000,000 multicurrency revolving credit facility under which the relevant Lenders will, when requested by UPC Broadband, make cash advances in euros or Optional Currencies to UPC Broadband on a revolving basis during the Facility A Availability Period;
- (b) a committed €2,750,000,000 term loan facility under which the relevant Lenders will, when requested by UPC Broadband, make cash advances in euros or Optional Currencies to UPC Broadband during the Facility B Availability Period; and
- (c) a committed US\$347,500,000 and €95,000,000 term loan facility under which the relevant Lenders will, when requested by the relevant Borrower, make cash advances in euros (in the case of UPC Broadband) or US Dollars (in the case of the US Borrower) (as applicable) to the relevant Borrower during the Facility C Availability Period,

in each case subject to the terms of this Agreement.

2.2 Overall facility limits

- (a) The aggregate Original Euro Amount of all outstanding Facility A Advances shall not at any time exceed the Total Facility A Commitments.
- (b) The aggregate Original Euro Amount of all outstanding Facility B Advances shall not at any time exceed the Total Facility B Commitments.
- (c) (i) The aggregate amount of all outstanding Facility C1 Advances shall not at any time exceed the aggregate of the Facility C1 Commitments;

(ii) The aggregate amount of all outstanding Facility C2 Advances shall not at any time exceed the aggregate of the Facility C2 Commitments.
- (d) The aggregate Original Euro Amount of:
 - (i) the participations of a Lender in Facility A Advances shall not at any time exceed that Lender's Facility A Commitment at that time; and
 - (ii) the participations of a Lender in Facility B Advances shall not at any time exceed that Lender's Facility B Commitment at that time.
- (e) (i) The aggregate amount of the participations of a Lender in Facility C1 Advances shall not at any time exceed that Lender's Facility C1 Commitment at that time; and

(ii) The aggregate amount of the participations of a Lender in Facility C2 Advances shall not at any time exceed that Lender's Facility C2 Commitment at that time.

2.3 Number of Requests and Advances

- (a) Unless the Facility Agent agrees otherwise, no more than one Request for Advances may be delivered on any one day but that Request may, subject to paragraph (b) below, specify any number of Advances from any Facility or all of them.
- (b) Unless the Facility Agent agrees otherwise, no more than 50 Advances may be outstanding at any one time.
- (c) No more than one Request may be made for Facility C Advances under this Agreement.

2.4 Nature of a Finance Party's rights and obligations

- (a) The obligations of a Finance Party under the Finance Documents are several. Failure of a Finance Party to carry out those obligations does not relieve any other Party of its obligations under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.
- (b) The rights of a Finance Party under the Finance Documents are divided rights. A Finance Party may, except as otherwise stated in the Finance Documents, separately enforce those rights.
- (c) Each of the Obligors and each of the Finance Parties agrees that the Security Agent shall be the joint and several creditor (*hoofdelijk crediteur*) of each and every obligation of any Obligor towards each of the Finance Parties under any Finance Document, and that accordingly the Security Agent will have its own independent claim as creditor and not as agent against each Obligor to demand performance by the relevant Obligor of those obligations. However, any discharge of any such obligation to either of the Security Agent or the relevant Finance Party shall, to the same extent, discharge the corresponding obligation owing to the other.
- (d) Without limiting or affecting the Security Agent's rights against any Obligor (whether under this paragraph or under any other provision of the Finance Documents), the Security Agent agrees with each other Finance Party (on a several and divided basis) that, subject as set out in the next sentence, it will not exercise its rights as a joint and several creditor with a Finance Party except with the prior written consent of the relevant Finance Party. However, for the avoidance of doubt, nothing in the previous sentence shall in any way limit the Agent's right to act in the protection or preservation of rights under or to enforce any Security Document or the Security Deed as contemplated by the Finance Documents (or to do any act reasonably incidental to any of the foregoing).

2.5 UPC Broadband as Obligors' agent

Each Obligor:

- (a) irrevocably authorises and instructs UPC Broadband to give and receive as agent on its behalf all notices (including Requests) and sign all documents in connection with the Finance Documents on its behalf (including but not limited to amendments and variations and execution of any new Finance Documents) and take such other action as may be necessary or desirable under or in connection with the Finance Documents; and
- (b) confirms that it will be bound by any action taken by UPC Broadband under or in connection with the Finance Documents.

2.6 Actions of UPC Broadband as Obligors' agent

The respective liabilities of each of the Obligors under the Finance Documents shall not be in any way affected by:

- (a) any irregularity (or purported irregularity) in any act done by or any failure (or purported failure) by UPC Broadband;
- (b) UPC Broadband acting (or purporting to act) in any respect outside any authority conferred upon it by any Obligor; or
- (c) the failure (or purported failure) by or inability (or purported inability) of UPC Broadband to inform any Obligor of receipt by it of any notification under this Agreement or any other Finance Document.

3. PURPOSE

3.1 Purpose

- (a) Each Advance will be applied:
 - (i) in the case of Facility A, to finance the general corporate and working capital purposes of the Borrower Group, including to finance capital expenditure and the making of acquisitions by the Borrower Group (to the extent permitted by this Agreement);
 - (ii) in the case of Facility B, to refinance in part the Financial Indebtedness described in Schedule 9 (Relevant Financial Indebtedness) and to finance capital expenditure and the making of acquisitions by the Borrower Group; and
 - (iii) in the case of Facility C, to refinance in part the Financial Indebtedness described in Schedule 9 (Relevant Financial Indebtedness)
- (b) (i) Each Obligor (other than UPC Broadband Holdco) will not, and will procure that none of its Subsidiaries which are members of the Borrower Group will, use the proceeds of Advances drawn under the Facilities in aggregate in excess of €750,000,000 (including without limitation by way of transfer, loan, subscription of equity or other investment (each a **Relevant Investment**)) in the business of members of the Borrower Group incorporated or principally carrying on business in Eastern Europe.

3.2 No monitoring

Without affecting the obligations of the Borrowers in any way, no Finance Party is bound to monitor or verify the application of the proceeds of any Advance.

4. CONDITIONS PRECEDENT

4.1 Documentary conditions precedent

No Borrower may draw an Advance under this Agreement until the Facility Agent has notified UPC Broadband and the Lenders that it has received all of the documents set out in Part 1 of Schedule 2 (Conditions Precedent Documents) in form and substance satisfactory to the Facility Agent. The Facility Agent will confirm to UPC Broadband that it has received such documents as soon as practicable upon receiving all of them in form and substance satisfactory to it.

4.2 Further conditions precedent

The obligations of each Lender in respect of each Advance are subject to the further conditions precedent that on the date of the Request for that Advance and on the proposed Utilisation Date:

- (a) except in the case of a Rollover Advance, the representations and warranties in Clause 15 (Representations and Warranties) to be repeated on those dates are and will be immediately after the relevant Advance is drawn down correct in all material respects; and
- (b) in the case of a Rollover Advance, no Event of Default is outstanding or would result from the proposed Advance and, in the case of other Advances, no Default is outstanding or would result from the proposed Advance; and
- (c) except in the case of a Rollover Advance, no Change of Control has occurred where the event has not been waived by the Majority Lenders.

4.3 Pro forma covenant compliance

No Borrower may Request or obtain any Advance in an amount which, when aggregated with all other Advances (other than Rollover Advances) (and all Advances (in each case as defined in the New Facility Agreement) (the **Relevant Advances**) made since the last day of the most recent

Ratio Period ending prior to the proposed date of that Advance for which financial statements have been delivered pursuant to Clause 4.1 (Documentary conditions precedent) or Clause 16.2(a) or (b) (Financial information) (the **Relevant Ratio Period**) would cause UPC Broadband to fail to be in compliance with the financial ratios set out in Clause 17.2 (Financial ratios) for the Relevant Ratio Period, if such financial ratios were re-tested for the Relevant Ratio Period after adding the aggregate amount of all such Relevant Advances to the amount of Senior Debt and Total Debt used in calculating such ratios.

4.4 Deferred Acquisition Costs

Where a member of the Borrower Group has made an Acquisition permitted by Clause 16.11 (Acquisitions and mergers), no Borrower may Request, or apply the proceeds of, any Advance for the purpose of paying any consideration referred to in paragraph (a) of the definition of "Acquisition Cost" in relation to that Acquisition, unless UPC Broadband delivers to the Facility Agent on or before the date of each relevant Request:

- (a) where the Acquisition Cost of the acquisition was greater than €100,000,000 and no more than €150,000,000, a certificate signed by two managing directors or the sole managing director, as the case may be, of UPC Broadband and certifying; or
- (b) where the Acquisition Cost of the acquisition was greater than €150,000,000, financial projections based on assumptions which are no more aggressive (when taken as a whole) than those used in the preparation of the Business Plan which demonstrate,

that the Borrowers will be in compliance with Clause 6 (Repayment) and the undertakings set out in Clause 17 (Financial Covenants) for the period from the Utilisation Date of such Advance (taking into account (i) the Acquisition Cost of such acquisition (but deducting from that Acquisition Cost the value of any consideration referred to in paragraph (a) of the definition of "Acquisition Cost" which has yet to be paid or delivered), (ii) the amount of such Advance and (iii) financial projections relating to the acquired business or asset(s)) to the last Final Repayment Date.

5. ADVANCES

5.1 Delivery of Request

Subject to the terms of this Agreement, a Borrower may request an Advance by delivering to the Facility Agent by not later than 11.00 a.m. on the third Business Day, before the proposed Utilisation Date, a duly completed Request.

5.2 Form of Request

Each Request shall specify (where applicable):

- (a) the relevant Facility;
- (b) the proposed Utilisation Date, which shall be a Business Day falling during the Facility A Availability Period (in the case of a Facility A Advance), the Facility B Availability Period (in the case of a Facility B Advance) or the Facility C Availability Period (in the case of a Facility C Advance);
- (c) the currency of the proposed Advance which must be euros or an Optional Currency (in the case of a Facility A Advance or Facility B Advance), euros (in the case of a Facility C1 Advance) or US Dollars (in the case of a Facility C2 Advance);
- (d) the principal amount of the proposed Advance which:
 - (i) for an Advance denominated in euros, shall be a minimum amount of €10,000,000;

- (ii) for an Advance denominated in US Dollars, shall be a minimum amount of US\$10,000,000; and
 - (iii) for an Advance denominated in any other Optional Currency, shall be a minimum amount equivalent to €5,000,000 (in each case using the Agent's Spot Rate of Exchange);
- (e) the Interest Period of the Advance, which must be a period complying with Clause 8 (Interest); and
- (f) unless previously notified to the Facility Agent in writing and not revoked, the details of the bank and account to which the proceeds of the proposed Advance are to be made available, which must comply with Clause 9 (Payments).

Subject to the terms of this Agreement, each Request shall be irrevocable and the relevant Borrower shall be bound to borrow an Advance in accordance with such Request.

5.3 Notification to the Lenders

The Facility Agent shall promptly notify each Lender participating in the relevant Advance of each Request for an Advance and the amount of its participation in the Advance.

5.4 Participations in Advances

- (a) Subject to the terms of this Agreement, each Lender shall, on the date specified in any Request for an Advance, make available to the Facility Agent for the account of the relevant Borrower the amount of its participation in that Advance. All such amounts shall be made available to the Facility Agent in accordance with Clause 9.2 (Funds) for disbursement to or to the order of the relevant Borrower in accordance with the provisions of this Agreement.
- (b) The amount of a Lender's participation in an Advance will be the proportion (applied to the amount set out in the Request) which:
- (i) in the case of a Facility A Advance, its Facility A Commitment bears to the Total Facility A Commitments;
 - (ii) in the case of a Facility B Advance, its Facility B Commitment bears to the Total Facility B Commitments;
 - (iii) in the case of a Facility C1 Advance, its Facility C1 Commitment bears to the aggregate of the Facility C1 Commitments; and
 - (iv) in the case of a Facility C2 Advance, its Facility C2 Commitment bears to the aggregate of the Facility C2 Commitments.
- (c) If an Advance is to be drawn down in an Optional Currency, the amount of each Lender's participation in that Advance will be determined by converting into that Optional Currency the Lender's participation in the Original Euro Amount of that Advance on the basis of the Agent's Spot Rate of Exchange three Business Days before its Utilisation Date.

5.5 Conditions relating to Optional Currencies

- (a) If the Facility Agent has received a written request from a Borrower for a currency to be approved as an Optional Currency, the Facility Agent will confirm to that Borrower by 10.00 a.m. on the day two Business Days after receipt of such request:
- (i) whether or not the Lenders have granted their approval; and
 - (ii) if approval has been granted, the minimum amount (and, if required, integral multiples) for any subsequent Advance to be drawn in that currency.
- (b) Advances denominated in euro will only be made available in the euro unit.

6. REPAYMENT

6.1 Repayment of Facility A Advances

- (a) UPC Broadband shall repay each Facility A Advance in full on the Interest Date for that Advance to the Facility Agent for the Lenders, but since Facility A is available on a revolving basis amounts repaid may be reborrowed during the Facility A Availability Period subject to the terms of this Agreement.
- (b) On each date on which the Facility A Commitments are cancelled under Clause 7.1(d) (Automatic Cancellation of the Commitments), UPC Broadband shall repay sufficient Facility A Advances to ensure that the Facility A Advances do not exceed the Total Facility A Commitments as so reduced.
- (c) No Facility A Advance may be outstanding after the end of the Facility A Availability Period.

6.2 Repayment of Facility B Advances

UPC Broadband shall procure that, subject to the application of Clause 7 (Cancellation and Prepayment), the outstanding Facility B Advances shall be repaid in full by payment of semi-annual instalments (each a **Facility B Repayment Instalment**) on each date set out in column (1) below (each date for repayment being a **Facility B Repayment Date**) up to and including the Final Repayment Date for Facility B. Each Facility B Repayment Instalment (other than the last) shall be in an Original Euro Amount equal as nearly as possible (rounded upwards if necessary) to the percentage, set out in column (2) below opposite the relevant Facility B Repayment Date, of the total outstanding amount of Facility B Advances on the last day of the Facility B Availability Period. The final Facility B Repayment Instalment shall comprise all Facility B Advances outstanding on the Facility B Final Repayment Date:

(1)	(2)
Facility B Repayment Date	Relevant Percentage
30th June, 2004	6.25%
31st December, 2004	6.25%
30th June, 2005	11.25%
31st December, 2005	11.25%
30th June, 2006	16.25%
31st December, 2006	16.25%
30th June, 2007	11.25%
31st December, 2007	11.25%
Facility B Final Repayment Date	The aggregate amount of all outstanding Facility B Advances

6.3 Repayment of Facility C Advances

- (a) The Borrowers shall procure that, subject to the application of Clause 7 (Cancellation and Prepayment), the outstanding Facility C Advances shall be repaid in full by payment of semi annual instalments (each a **Facility C Repayment Instalment**) on each date specified in column (1) below (each date for repayment being a **Facility C Repayment Date**) up to and including the Final Repayment Date for Facility C. Each Facility C Repayment Instalment (other than the last) shall be in an Original Euro Amount equal as nearly as possible (rounded upwards if necessary) to the percentage, set out in column (2) below opposite the relevant Facility C Repayment Date, of the total outstanding amount of Facility C Advances on the last day of the Facility C Availability Period. The Final Facility C Repayment Instalment shall comprise all Facility C Advances outstanding on the Facility C Final Repayment Date.

(1)	(2)
Facility C Repayment Date	Relevant Percentage
30th June, 2004	0.50%
31st December, 2004	0.50%
30th June, 2005	0.50%
31st December, 2005	0.50%
30th June, 2006	0.50%
31st December, 2006	0.50%
30th June, 2007	0.50%
31st December, 2007	0.50%
30th June, 2008	24.00%
31st December, 2008	24.00%
Facility C Final Repayment Date	The aggregate amount of all outstanding Facility C Advances

- (b) Each such Facility C Repayment Instalment shall be applied pro rata against the outstanding Original Euro Amount of Facility C1 Advances and Facility C2 Advances. For the avoidance of doubt, any amounts paid under this Clause 6.3 to a Lender in respect of a Facility C2 Advance shall be paid in US Dollars, as required pursuant to Clause 9.4(a) (Currency).

6.4 Adjustment of Facility B Advances

- (a) For each Facility B Advance in an Optional Currency, there shall be calculated the difference between the amount of the relevant Advance (in that Optional Currency) for the current Interest Period and for the next Interest Period. The amount of the Facility B Advance for the next Interest Period will be determined by notionally converting into that Optional Currency the Original Euro Amount of the Facility B Advance on the basis of the Agent's Spot Rate of Exchange three Business Days before the commencement of that Interest Period.
- (b) At the end of the current Interest Period (but subject always to paragraph (c) below):
- (i) if the amount of the Facility B Advance for the next Interest Period is less than for the preceding Interest Period, UPC Broadband shall repay the difference; or
 - (ii) if the amount of the Facility B Advance for the next Interest Period is greater, each Lender shall forthwith make available to the Facility Agent for UPC Broadband its participation in the difference.
- (c) If the Agent's Spot Rate of Exchange for the next Interest Period shows an appreciation or depreciation of the Optional Currency against euros of less than five per cent. when compared

with the Original Exchange Rate, no amounts are payable in respect of the difference. In this Clause 6, **Original Exchange Rate** means the Agent's Spot Rate of Exchange used for determining the amount of the Optional Currency for the Interest Period which is the later of the following:

- (i) the first Interest Period of the relevant Advance; and
- (ii) the most recent Interest Period immediately prior to which a difference was required to be paid under this Clause 6.4.

6.5 Prepayments and repayments

If a Facility B Advance is to be repaid or prepaid by reference to an Original Euro Amount, the Optional Currency amount to be repaid or prepaid shall be determined by reference to the Agent's Spot Rate of Exchange used for determining the Optional Currency amount of that Facility B Advance under Clause 5.4(c) (Participations in Advances) or, if applicable, the Original Exchange Rate.

6.6 Notification

The Agent shall notify the Lenders and UPC Broadband of Optional Currency amounts (and the applicable Agent's Spot Rate of Exchange) promptly after they are ascertained under this Agreement.

7. CANCELLATION AND PREPAYMENT

7.1 Automatic Cancellation of the Commitments

- (a) The Facility A Commitment of each Lender shall be automatically cancelled at the close of business in London on the last day of the Facility A Availability Period.
- (b) The undrawn Facility B Commitment of each Lender shall be automatically cancelled at the close of business in London on the last day of the Facility B Availability Period.
- (c) The undrawn Facility C Commitment of each Lender shall be automatically cancelled at the close of business in London on the last day of the Facility C Availability Period.
- (d) The Facility A Commitments will be cancelled, such that, at the close of business in London on each date set out in column (1) below, the Total Facility A Commitments will be reduced to the amount set opposite that date in column (2) below.

(1)	(2)
Date	Facility A Total Commitment after reduction
	€
30th June, 2005	666,750,000
30th June, 2006	583,400,000
30th June, 2007	500,000,000

- (e) Each reduction of the Facility A Commitments under paragraph (d) above shall be applied against the Facility A Commitment of each Lender pro rata.

7.2 Voluntary cancellation

UPC Broadband may, by delivering to the Facility Agent a duly completed Cancellation Notice not less than five Business Days prior to the due date of cancellation, cancel the unutilised portion of the Total Facility A Commitments and/or Total Facility B Commitments and/or Total Facility C Commitments in whole or in part (but, if in part, in an aggregate minimum amount of €10,000,000 (in the case of Facility A or Facility B) and an aggregate minimum Original Euro Amount of €

10,000,000 (in the case of Facility C) in such proportions as UPC Broadband may specify in the Cancellation Notice) on the date specified in the Cancellation Notice. Any cancellation in part shall be applied against the relevant Facility A Commitment, Facility B Commitment or, as the case may be, Facility C Commitment of each Lender pro rata.

7.3 Voluntary prepayment

- (a) UPC Broadband may, by delivering to the Facility Agent a duly completed Cancellation Notice not less than five Business Days prior to the due date of prepayment, prepay the whole or any part, (but if in part in an aggregate minimum Original Euro Amount of €10,000,000) of the outstanding Advances made to it under Facility A, Facility B or (subject to Clause 7.10(c) (Facility C Call protection)) Facility C.
- (b) Any voluntary prepayment made under paragraph (a) above will be applied (subject to Clause 7.8 (Order of application) and Clause 7.10(c) (Facility C Call protection)) against:
 - (i) Facility A, Facility B or Facility C in such proportions as may be specified by UPC Broadband in the notice of prepayment;
 - (ii) (in the case of Facility A), all the Facility A Advances pro rata or against such Facility A Advances as UPC Broadband may designate in the Cancellation Notice;
 - (iii) (in the case of Facility B or Facility C), the Repayment Instalments for Facility B or (as the case may be) Facility C, in whole or in part and in any order designated by UPC Broadband in the Cancellation Notice.

7.4 Change of Control

- (a) If:
 - (i) UGC ceases:
 - (A) directly or indirectly to own more than 50 per cent. of the issued share capital of UGCE Inc.; and
 - (B) to Control UGCE Inc.; or
 - (ii) [intentionally left blank]
 - (iii) UGCE Inc. does not or ceases to own, directly or indirectly through one or more of its Subsidiaries or other persons Controlled by it, the legal and beneficial interest in more than 50 per cent. of the voting and economic rights attaching to the issued share capital of, or otherwise ceases to Control, UPC Broadband Holdco, (except as a result of a merger or consolidation of UPC Broadband Holdco with or into a Shareholder, provided that such merger or consolidation is in accordance with paragraph (b) below); or
 - (iv) in accordance with the terms of any share pledge in favour of the Security Agent over the issued share capital of UPC Broadband Holdco and UPC Holding II, UPC Broadband Holdco does not or ceases to own directly (or indirectly through one or more of its Subsidiaries or other persons Controlled by it, subject to such Subsidiary or person complying with Clause 26.4(a) (Additional Guarantors)) the legal and beneficial interest in 100 per cent. of the issued share capital of UPC Broadband and UPC Holding II or otherwise ceases to Control UPC Broadband and UPC Holding II; or
 - (v) in accordance with the terms of the share pledges in favour of the Security Agent over the issued share capital of each of the Obligors (other than UPC Broadband Holdco, UPC Holding II, the US Borrower and UPC Broadband), UPC Broadband does not or ceases to

own directly or indirectly through one or more of its Subsidiaries or other persons Controlled by it, the legal and beneficial interest in at least 75 per cent. of the voting and economic rights attaching to the issued share capital of any Obligor (other than UPC Broadband Holdco, UPC Holding II, the US Borrower or UPC Broadband) or otherwise ceases to Control such Obligor; or

- (vi) UPC Broadband and UPC Holding II do not or cease to own, in accordance with the terms of the pledge referred to in paragraph 2 of Schedule 7 (Security Documents), the legal and beneficial interest in 100 per cent. of the partnership interests and economic rights attaching to the partnership interests of, or otherwise ceases to Control, the US Borrower,

(any of the events described in (i) to (vi) above being a **Change of Control**):

- (A) UPC Broadband shall promptly notify the Facility Agent upon becoming aware of a Change of Control; and
- (B) if the Majority Lenders so require, the Facility Agent shall, by not less than 20 Business Days' notice to UPC Broadband, cancel each Facility and declare all outstanding Advances, together with accrued interest and all other relevant amounts accrued under the Finance Documents immediately due and payable, whereupon each Facility will be cancelled and all such outstanding amounts will become immediately due and payable.

- (b) UPC Broadband Holdco shall not enter into a merger or consolidation with or into a Shareholder (the resulting entity being the **UPC Merged Entity**) unless:

- (i) reasonable details of the proposed merger concerning the matters set out in sub-paragraphs (ii) and (iii) below are provided to the Facility Agent at least 10 days before the merger is to be entered into;
- (ii) the UPC Merged Entity will be liable for the obligations of UPC Broadband Holdco (including the obligations under the Finance Documents), which obligations will continue in full force and effect after the merger, and entitled to the benefit of all rights of UPC Broadband Holdco; and
- (iii) the UPC Merged Entity has entered into Security Documents (if applicable) which provide security over the same assets of at least an equivalent nature and ranking to the security provided by UPC Broadband Holdco pursuant to any Security Documents entered into by it and such Security Documents are the legal, valid and binding obligations of the UPC Merged Entity enforceable in accordance with their terms subject (to the extent applicable) to substantially similar qualifications to those made in the legal opinions referred to in Schedule 2 (Conditions Precedent Documents).

7.5 Mandatory prepayment from Excess Cash Flow and Net Equity Proceeds

- (a) Subject to paragraph (b) below and Clause 7.7 (Date for prepayment), within 10 Business Days of the delivery of the Borrower Group's audited consolidated financial statements which relate to any financial year of the Borrower Group (starting with the annual Accounting Period ending 31st December, 2004) under Clause 16.2 (Financial information) the Borrowers (unless otherwise agreed in writing by the Facility Agent acting on the instructions of the Majority Lenders) shall prepay, or procure that there is prepaid, an amount of the Facilities equal to 50 per cent. of the Excess Cash Flow for such financial year.

- (b) The Borrowers shall not be required to make any prepayments under paragraph (a) above:
- (i) after the date on which the Facility Agent receives financial statements delivered under Clause 16.2(b) (Financial information) which show that, for the two most recent Ratio Periods, the ratio of Senior Debt to Annualised EBITDA is less than or equal to 4:1; or
 - (ii) if the amount of Excess Cash Flow in respect of the relevant financial year is less than €5,000,000.
- (c) Subject to Clause 7.7 (Date for prepayment) and paragraph (d) below, where proceeds of an issue of Relevant Convertible Preference Shares or Net Equity Proceeds are received by any member of the UGCE Borrower Group for or on account of a member of the UGCE Borrower Group UPC Broadband shall, within ten Business Days of receipt by any member of the UGCE Borrower Group of the proceeds of an issue of Relevant Convertible Preference Shares or Net Equity Proceeds (as applicable):
- (i) in the case of receipt of Net Equity Proceeds, prepay or procure that there is prepaid an amount of the Facilities equal to 10 per cent. of the Net Equity Proceeds. Such amount shall be applied first against outstanding Facility B Advances and outstanding Facility C Advances pro rata and second against outstanding Facility A Advances, in each case in accordance with Clause 7.8(a)(i) (Order of Application);
 - (ii) in addition to any prepayments made under sub-paragraph (c)(i) above and subject to clause 7.5(c)(ii) and (d) and clause 7.7 (Date for Prepayment) of the New Facility Agreement (each of which is the equivalent of Clause 7.5(c)(iii) and (d) and Clause 7.7 of this Agreement), in the case of the receipt of the proceeds of an issue of Relevant Convertible Preference Shares (whether or not such Relevant Convertible Preference Shares also constitute Net Equity Proceeds) prepay or procure that there is prepaid an amount of New Facility D equal to 40 per cent. of the balance of the proceeds of the Relevant Convertible Preference Shares. Such amount shall be applied first pro rata against all amounts outstanding under Facility D and second (but only following prepayment of the Facilities as described in paragraph (c)(iii) below) pro rata against all outstanding Additional Facility Advances in accordance with the New Facility Agreement; and
 - (iii) to the extent that the amount required to be repaid under the New Facility D as set out in sub-paragraph (c)(ii) above exceeds the amounts outstanding under the New Facility D at the relevant time, prepay or procure that there is prepaid

outstanding Facility B Advances or outstanding Facility C Advances in an aggregate amount equal to the amount of such excess. Such amount shall be applied against outstanding Facility B Advances or Facility C Advances, as may be designated by the Borrower in the Cancellation Notice, in order of maturity in accordance with Clause 7.8(a)(iii) (Order of Application).
- (d) UPC Broadband shall not be required to make any prepayments of the Facilities under paragraph (c) above:
- (i) provided that the most recently delivered financial statements provided to the Facility Agent under Clause 16.2(b) (Financial information) show that, for the two most recent Ratio Periods, the applicable ratio for the purposes of Clause 17.2(a) (Financial ratios) is 3.5:1 or less;
 - (ii) to the extent that such Net Equity Proceeds are provided by another member of the UGCE Borrower Group which is funding such acquisition by means of proceeds which have previously been treated as "Net Equity Proceeds" of that member of the UGCE Borrower Group for the purposes of Clause 7.5(c) above;

- (iii) in respect of Net Equity Proceeds in respect of a new issue of shares by any member of the UGCE Borrower Group subscribed for by any other member of the UGCE Borrower Group; or
- (iv) in respect of Net Equity Proceeds relating to any issuance of shares where all of the shares issued are subscribed for by any member of the Wider Group.

7.6 Prepayment from disposal proceeds

- (a) [Intentionally left blank]
- (b) If the Net Proceeds of disposals of assets comprising or contributing in aggregate a percentage value of 5 per cent. or less of the total assets, revenues and EBITDA of the Borrower Group are either:
 - (i) reinvested in the business of the Borrower Group within 12 months of receipt; or
 - (ii) deposited immediately with the Facility Agent and applied in prepayment of the Facilities and reduction of the Total Facility A Commitments, Total Facility B Commitments and Total Facility C Commitments in accordance with the mechanics set out in Clauses 7.7 (Date for prepayment) and 7.8 (Order of application), the percentage value of such assets shall not be taken into account for the purposes of Clause 16.10(b) (ix) (Disposals).
- (c) For the purposes of paragraph (b) above and Clause 16.10(b) (Disposals), **percentage value** of an asset disposed of means the percentage of the total assets, revenues and EBITDA of the Borrower Group (as the case may be) attributable to such asset in respect of the financial year (in the case of revenues and EBITDA) or as at the end of the financial year (in the case of total assets) immediately preceding the financial year in which the asset is disposed of and for the avoidance of doubt, the value of assets disposed of will be calculated on an increasing percentage basis such that any percentage value will automatically be added to the percentage value of any subsequent disposal. For the purpose of this Clause 7.6(c), all calculations shall be by reference to the annual consolidated financial statements of UPC Broadband or, as the case may be, the annual combined financial statements of the Borrower Group required to be produced pursuant to this Agreement.
- (d) If valid and enforceable security agreements (in form and substance satisfactory to the Facility Agent) have been entered into between, *inter alia*, KTA and the Security Agent granting security over KTA's cable network assets in favour of the Security Agent (the **KTA Security Agreements**), UPC Broadband shall:
 - (i) within five Business Days of such KTA Default, apply €100,000,000 in prepayment of the Facilities (or, if less the amount of the Facilities); and
 - (ii) promptly following enforcement by the Security Agent of the security constituted by the KTA Security Agreements (and in any event within five Business Days of receipt by the Security Agent of the proceeds of such enforcement), apply an amount equal to the net proceeds of such enforcement (after the deduction of all enforcement costs), to the extent that such net enforcement proceeds exceed €100,000,000, in prepayment of the Facilities (or, if less the amount of the Facilities).

The obligations of UPC Broadband under this Clause 7.6(d) shall be satisfied in full on receipt by the Security Agent of the proceeds of enforcement of the security constituted by the KTA Security Agreements.

7.6A Mandatory prepayment from Third Party Debt proceeds

Subject to Clause 7.7 (Date for prepayment), if any member of the UGCE Borrower Group incurs Third Party Debt and Clause 16.12(d)(i) (Restrictions on Financial Indebtedness) applies to such Third Party Debt, UPC Broadband shall, within ten Business Days of receipt by such member of the UGCE Borrower Group of the proceeds of Third Party Debt prepay or procure that there is prepaid, an amount of the Facilities equal to 50 per cent. of such Third Party Debt. Such amount shall be applied first pro-rata against outstanding Facility B Advances and outstanding Facility C Advances in order of maturity and second against outstanding Facility A Advances, in each case in accordance with Clause 7.8(a)(ii) (Order of Application).

7.7 Date for prepayment

Each amount of the Facilities to be prepaid under Clause 7.5 (Mandatory prepayment from Excess Cash Flow and Net Equity Proceeds), Clause 7.6 (Prepayment from disposal proceeds), Clause 7.6A (Mandatory prepayment from Third Party Debt proceeds) and Clause 17.4 (Cure provisions) shall be applied in prepayment of the Facility within the period required by the relevant Clause or deposited before the end of such period with the Security Agent or as the Security Agent may reasonably direct in an account (or accounts) (each a **Blocked Account**) in the name of any Obligor bearing interest at rates customarily offered by the Security Agent in such circumstances, secured (if requested by the Security Agent) by a first ranking security interest in favour of the Security Agent on behalf of the Beneficiaries, on terms that the principal amount so deposited may only be released by making the relevant prepayment on Interest Dates falling immediately thereafter, in accordance with Clause 7.8 (Order of application) (where applicable), until the prepayment obligations under Clause 7.5 (Mandatory prepayment from Excess Cash Flow and Net Equity Proceeds), Clause 7.6 (Prepayment from disposal proceeds), Clause 7.6A (Mandatory prepayment from Third Party Debt proceeds) and Clause 17.4 (Cure provisions) have been satisfied.

7.8 Order of application

(a) Subject to Clause 7.10(c) (Facility C Call protection):

- (i) the amount of each prepayment of the Facilities made under Clause 7.5(a), Clause 7.5(b) and Clause 7.5(c)(i) (Mandatory prepayment from Excess Cash Flow and Net Equity Proceeds) and Clause 7.6 (Prepayment from disposal proceeds) shall be applied, unless otherwise stated:
 - (A) first, pro rata between outstanding Facility B Advances and Facility C Advances (and pro rata against the Repayment Instalments for Facility B and Facility C respectively) with a corresponding permanent cancellation of the Total Facility B Commitments and Total Facility C Commitments (pro rata between the Commitments of the Lenders under the relevant Facility); and
 - (B) second, against outstanding Facility A Advances (pro rata against all Facility A Advances) with a corresponding permanent cancellation of the Total Facility A Commitments, (pro rata between the Commitments of the Lenders under that Facility) and a corresponding reduction of each amount specified in column 2 of Clause 7.1(d) (Automatic Cancellation of the Commitments) by the amount of each such prepayment;
- (ii) the amount of each prepayment of the Facilities made under clause 7.6A (Mandatory prepayment from Third Party Debt proceeds) shall be applied:
 - (A) first, pro rata between outstanding Facility B Advances and Facility C Advances (and against the Repayment Instalments for Facility B and Facility C respectively in order of maturity), starting with amounts due to be paid on the next Facility B Repayment Date or

Facility C Repayment Date (as applicable) with a corresponding permanent cancellation of the Total Facility B Commitments or Total Facility C Commitments (as applicable) (pro rata between the Commitments of the Lenders under the relevant Facility); and

- (B) second, against outstanding Facility A Advances (pro rata against all Facility A Advances) with a corresponding permanent cancellation of the Total Facility A Commitments (pro rata between the Commitments of the Lenders under that Facility) and a corresponding reduction of each amount specified in column (2) of clause 7.1(d) (Automatic Cancellation of the Commitments) by the amount of each such prepayment; and

(iii) the amount of each prepayment of:

- (A) the Facilities made under Clause 7.3 (Voluntary prepayment), as a result of the application of the proceeds of an Additional Facility; and
- (B) outstanding Facility B Advances made under Clause 7.5(c)(iii) (Mandatory prepayment from Excess Cash Flow and Net Equity Proceeds), shall be applied:
 - I. (in the case of Facility B or Facility C) against the Repayment Instalments for the relevant Facility in order of maturity, starting with amounts due to be paid on the next Facility B Repayment Date or Facility C Repayment Date (as applicable) with a corresponding permanent cancellation of the Total Facility B Commitments or Total Facility C Commitments (as applicable) (pro rata between the Commitments of the Lenders under the relevant Facility); and
 - II. (in the case of Facility A) against all the Facility A Advances pro rata or against such Facility A Advances as UPC Broadband may designate in the Cancellation Notice delivered under Clause 7.3 (Voluntary prepayment).

7.9 Right of prepayment and cancellation in relation to a single Lender

(a) If:

- (i) any sum payable to any Lender by a Borrower is required to be increased under of Clause 10.2(c) (Tax gross-up); or
- (ii) any Lender claims indemnification from a Borrower under Clause 10.3 (Tax indemnity) or Clause 12.1 (Increased Costs),

UPC Broadband may, whilst the circumstance giving rise to the requirement or indemnification continues, in respect only of the Facilities made available to it, give the Facility Agent notice of cancellation of the Facility A Commitment, Facility B Commitment, Facility C1 Commitment and/or Facility C2 Commitment (as applicable) of that Lender and its intention to procure the repayment of that Lender's participation in all relevant Advances.

- (b) On receipt of a notice referred to in paragraph (a) above, the Facility A Commitment, Facility B Commitment, Facility C1 Commitment and/or Facility C2 Commitment (as applicable) of that Lender shall each immediately be reduced to zero.
- (c) On the last day of each Interest Period which ends after a Borrower has given notice under paragraph (a) above (or, if earlier, the date specified by the relevant Borrower in that notice), the relevant Borrower shall repay that Lender's participation in all relevant Advances.
- (d) Prepayments made pursuant to this Clause 7.9 shall be applied against the outstanding Facility A Advances and (in the case of Facility B Advances and Facility C Advances) the outstanding Repayment Instalments pro rata.

7.10 Facility C Call protection

- (a) Upon any prepayment of Facility C Advances under this Clause 7 made up to and including the Second Anniversary, the Borrowers shall pay to the Facility Agent for distribution to Facility C Lenders:
- (i) during the period commencing on the Signing Date to and including the first Anniversary, a prepayment fee in respect of the principal amount of such Advances so prepaid equal to 3 per cent. of such principal amount; and
 - (ii) during the period following the first Anniversary up to and including the second Anniversary, a prepayment fee in respect of the principal amount of such Loans so prepaid equal to 1.5 per cent. of such principal amount.
- (b) In the event that:
- (i) the Lenders, the Majority Lenders or the Facility C Lenders (as applicable) agree to modify or waive any of the provisions of this Agreement and, as a result thereof, a prepayment that would otherwise have been required under this Clause 7 shall not be made; or
 - (ii) on receipt by the Facility Agent of a notice under Clause 7.4(a)(A) (Change of Control) notifying it of a Change of Control, the Majority Lenders agree not to require the cancellation of the Facility and prepayment of all outstanding amounts under the Finance Documents,
- the Borrowers shall nevertheless pay to all the Facility C Lenders a fee equal to the amount of prepayment fee that would otherwise have been paid under paragraph (a) above had such prepayment occurred. This fee is in addition to any further prepayment fee under paragraph (a) above that may be payable on any subsequent prepayment of the relevant amount.
- (c) Subject to paragraph (b), prior to the repayment or prepayment in full of all outstanding Facility B Advances, the Facility C Lenders may elect not to accept prepayments of Facility C Advances under Clause 7.3 (Voluntary prepayment), 7.5 (Mandatory prepayment from Excess Cash Flow and Net Equity Proceeds) or 7.6 (Prepayment from disposal proceeds). In the event of such election any amounts which would otherwise have been applied in prepayment of Facility C Advances shall not, unless UPC Broadband so elects, be applied in prepayment of Facility A Advances or Facility B Advances but may be retained by the Borrowers for use in the business of the Borrower Group.

7.11 Miscellaneous provisions

- (a) Any Cancellation Notice delivered under this Agreement is irrevocable. The Facility Agent shall notify the Lenders promptly of receipt of any such notice.
- (b) All prepayments under this Agreement shall be made together with accrued interest on the amount prepaid and any other amounts due under this Agreement in respect of that prepayment and, subject to Clause 7.10 (Facility C Call protection) and Clause 23.4 (Break Costs), without premium or penalty.
- (c) No prepayment or cancellation is permitted except in accordance with the express terms of this Agreement.
- (d) The amount of any Facility A Advance prepaid by UPC Broadband in accordance with Clause 7.3 (Voluntary prepayment) (other than any permanent prepayment and cancellation of Facility A out of the proceeds of a drawing under an Additional Facility pursuant to Clause 16.12(b)(ii)(B)(I) (Restrictions on Financial Indebtedness)) or Clause 17.4 (Cure provisions) may, subject to the terms of this Agreement, be re-borrowed. No other amount prepaid under this Agreement may subsequently be re-borrowed.

- (e) No amount of any Commitment cancelled under this Agreement may subsequently be reinstated.
- (f) Any prepayment in part of any Advance shall be applied against the participations of the Lenders in that Advance pro rata.
- (g) Any cancellation or prepayment in relation to Facility C shall be applied pro rata between Facility C1 Commitments and Facility C2 Commitments or (as the case may be) Facility C1 Advances and Facility C2 Advances according to their respective Original Euro Amounts.

8. INTEREST

8.1 Interest rate

The rate of interest on each Advance for its Interest Period is the rate per annum determined by the Facility Agent to be the aggregate of:

- (a) the applicable Margin; and
- (b)
 - (i) LIBOR (in the case of an Advance denominated in a currency other than euros); or
 - (ii) EURIBOR (in the case of an Advance denominated in euros); and
- (c) the Mandatory Costs.

8.2 Selection of Interest Periods

- (a) The Interest Period (in the case of each Facility A Advance) or the first Interest Period (in the case of each Facility B Advance or Facility C Advance) of each Advance will be the period selected in the Request for that Advance and (in the case of each Facility B Advance or Facility C Advance) each subsequent Interest Period will be the period selected by the relevant Borrower by notice (a **Selection Notice**) to the Facility Agent received not later than the third Business Day before the end of the then current Interest Period.
- (b) Each Interest Period shall be one month, two, three or six months or in any case such other period not exceeding six months as the relevant Borrower and the Facility Agent (acting on the instructions of all the Lenders) may agree from time to time. Each Interest Period for an Advance will commence on its Utilisation Date or (in the case of each subsequent Interest Period for a Facility B Advance or Facility C Advance) the expiry of its preceding Interest Period.
- (c) Each Facility A Advance will have only one Interest Period.

8.3 Non-Business Days

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period shall instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

8.4 Further Adjustments to Interest Periods

If an Interest Period:

- (a) for a Facility A Advance would otherwise overrun the Facility A Final Maturity Date, it shall be shortened so that it ends on the Facility A Final Maturity Date;
- (b) for a Facility B Advance would otherwise overrun the Facility B Final Repayment Date, it shall be shortened so that it ends on the Facility B Final Repayment Date; and

- (c) for a Facility C Advance would otherwise overrun the Facility C Final Repayment Date, it shall be shortened so that it ends on the Facility C Final Repayment Date.

8.5 Other adjustments

The Facility Agent and the Borrowers may enter into such other arrangements as they may agree for the adjustment of Interest Periods and the consolidation and/or splitting of Advances.

8.6 Notification

The Facility Agent shall notify the relevant Borrower and the Lenders of the duration of each Interest Period promptly after ascertaining its duration.

8.7 Due dates

Except as otherwise provided in this Agreement, accrued interest on each Advance is payable by the relevant Borrower on its Interest Date and also, in the case of:

- (a) any Facility A Advance or Facility B Advance with an Interest Period longer than six months, at six monthly intervals after the first day of that Interest Period for so long as the Interest Period continues; and
- (b) in the case of any Facility C Advance with an Interest Period longer than three months, at three monthly intervals after the first day of that Interest Period for so long as the Interest Period continues.

8.8 Default interest

- (a) If an Obligor fails to pay any amount payable by it under the Finance Documents, it shall forthwith on demand by the Facility Agent pay interest on the overdue amount from the due date up to the date of actual payment, both before and after judgment, at a rate (the **default rate**) determined by the Facility Agent to be two per cent. per annum above the rate which would have been payable if the Unpaid Sum had, during the period of non-payment, constituted an Advance at the Margin applicable to a new Facility A Advance or (if the Unpaid Sum relates to an overdue amount payable under or in connection with Facility C) a new Facility C Advance if it had been drawn down at such time in the currency of the Unpaid Sum for such successive Interest Periods of such duration (not being more than three months) as the Facility Agent may determine, having regard to the likely duration of the default (a **Designated Term**).
- (b) The default rate will be determined on each Business Day or the first day of, or two Business Days before the first day of, the relevant Designated Term, as appropriate.
- (c) Default interest will be compounded at the end of each Designated Term.

8.9 Notification of rates of interest

The Facility Agent will promptly notify each relevant Party of the determination of a rate of interest under this Agreement.

8.10 Margin

- (a) The Margin will be:
- (i) in the case of a Facility A Advance or Facility B Advance, 2.75 per cent. per annum until the first Anniversary and thereafter shall be 4.00 per cent. per annum unless adjusted in accordance with the following provisions of this Clause 8.10; and
- (ii) in the case of a Facility C Advance, 5.50 per cent. per annum.
- (b) Commencing with the first Anniversary (by reference, in the case of the first Anniversary, to the Relevant Financial Statements delivered for the most recent financial quarter to end prior to the first Anniversary) UPC Broadband will deliver to the Facility Agent (by no later than the date of the first Anniversary or, as the case may be, the date it delivers to the Facility Agent each subsequent set of Relevant Financial Statements) a notice referring to this Clause 8.10 (a **Margin Notice**) and specifying the ratio of Senior Debt to Annualised EBITDA as calculated in accordance with Clause 17 (Financial Covenants) as at the date to which the Relevant Financial Statements were prepared for the purposes of calculating whether the Margin for Facility A Advances and Facility B Advances is to be adjusted in accordance with this Clause 8.10.
- (c) The Margin for Facility A Advances and Facility B Advances will be adjusted (upwards or downwards) to the percentage rates per annum set out in column (1) below set opposite the range set out in column (2) below into which the ratio of Senior Debt to Annualised EBITDA, as shown in the Margin Notice, falls:

(1) Margin	(2) Senior Debt/Annualised EBITDA ratio
4.00%	³ 7.00:1
3.50%	³ 6.00:1 but < 7.00:1
3.00%	³ 5.00:1 but < 6.00:1
2.75%	³ 4.00:1 but < 5.00:1
2.50%	³ 3.00:1 but < 4.00:1
2.25%	< 3.00:1

- (d) The adjustment (if any) specified in (c) above will apply to the Margin for all Facility A Advances and Facility B Advances with effect from the date falling five Business Days after the relevant Margin Notice (or, if later, the related Relevant Financial Statements) is delivered to the Facility Agent.
- (e) If UPC Broadband fails to deliver a Margin Notice in accordance with paragraph (b) above the Margin with effect from the last date permitted for delivery of the Relevant Financial Statements will be as stated in paragraph (a) above provided that if that Margin Notice is delivered later, the Margin will be adjusted in accordance with this Clause 8.10 with effect from the date falling five Business Days after the Margin Notice (or, if later, the related Relevant Financial Statements) is delivered.
- (f) In this Clause 8.10, **Relevant Financial Statements** means each set of quarterly financial statements delivered under Clause 16.2(b) (Financial information).

9. PAYMENTS

9.1 Place of Payment

All payments by an Obligor or a Lender under this Agreement shall be made to the Facility Agent to its account at such office or bank in the principal financial centre of the country of the currency concerned (or, in the case of euros, the financial centre of such of the Participating Member States or London) as the Facility Agent may notify to the Obligor or Lender for this purpose.

9.2 Funds

Payments under this Agreement to the Facility Agent shall be made for value on the due date at such times and in such funds as the Facility Agent may specify to the Party concerned as being customary at the time for the settlement of transactions in the relevant currency in the place for payment.

9.3 Distribution

- (a) Each payment received by the Facility Agent under this Agreement for another Party shall, except as set out in paragraph (d) below and subject to paragraphs (b) and (c) below, be made available by the Facility Agent to that Party by payment (on the date of value of receipt and in the currency and funds of receipt) to its account with such bank in the principal financial centre of the country of the relevant currency (or, in the case of euros, in the principal financial centre of such of the Participating Member States or London) as it may notify to the Facility Agent for this purpose by not less than five Business Days' prior notice.
- (b) The Facility Agent may apply any amount received by it for an Obligor in or towards payment (on the date and in the currency and funds of receipt) of any amount due from an Obligor under this Agreement in the same currency on such date or in or towards the purchase of any amount of any currency to be so applied.
- (c) Where a sum is to be paid under this Agreement to the Facility Agent for the account of another Party, the Facility Agent is not obliged to pay that sum to that Party until it has established that it has actually received that sum. The Facility Agent may, however, assume that the sum has been paid to it in accordance with this Agreement and, in reliance on that assumption, make available to that Party a corresponding amount. If the sum has not been made available but the Facility Agent has paid a corresponding amount to another Party, that Party shall forthwith on demand refund the corresponding amount to the Facility Agent together with interest on that amount from the date of payment to the date of receipt, calculated at a rate reasonably determined by the Facility Agent to reflect its cost of funds.

- (d) Subject to paragraph (c) above, in the case of a Mid-Interest Period Transfer, the Facility Agent shall:
- (i) make any interest payable in respect of the principal amount that is assigned, transferred or novated under a Mid-Interest Period Transfer, that accrues on and prior to the date on which the Mid-Interest Period Transfer becomes effective, available to the Existing Lender; and
 - (ii) make any interest payable in respect of the principal amount that is assigned, transferred or novated as a Mid-Interest Period Transfer, that accrues after the date on which the Mid-Interest Period Transfer becomes effective, available to the New Lender,

such payments shall be paid (on the date of value of receipt and in the currency and funds of receipt) to the Existing Lenders' account or the New Lenders' account (as applicable) with such bank and in the principal financial centre of the country of the relevant currency (or in the case of euros, in the principal financial centre of one of the Participating Member States or London) as it may notify to the Facility Agent for this purpose by not less than five Business Days' prior notice.

9.4 Currency

- (a) A repayment or prepayment of an Advance is payable in the currency in which the Advance is denominated.
- (b) All interest is payable in the currency in which the relevant amount in respect of which it is payable is denominated.
- (c) Amounts payable in respect of costs, expenses, Taxes and the like are payable in the currency in which they are incurred.
- (d) Any other amount payable under this Agreement is, except as otherwise provided in this Agreement, payable in euros or, to the extent it relates to Facility C2, US Dollars.

9.5 Set-off and counterclaim

All payments made by an Obligor under this Agreement shall be made without set-off or counterclaim.

9.6 Non-Business Days

- (a) If a payment under this Agreement is due on a day which is not a Business Day, the due date for that payment shall instead be the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).
- (b) During any extension of the due date for payment of any principal under this Agreement interest is payable on the principal at the rate payable on the original due date.

9.7 Partial payments

- (a) Subject to the Security Deed, if the Facility Agent receives a payment insufficient to discharge all the amounts then due and payable by an Obligor under this Agreement, the Facility Agent shall apply that payment towards the obligations of the Obligors under this Agreement in the following order:
 - (i) **first**, in or towards payment pro rata of any unpaid costs, fees and expenses of the Facility Agent under this Agreement;
 - (ii) **secondly**, in or towards payment pro rata of any accrued fees (other than any commitment fees payable under Clause 20.1 (Commitment fee)) due but unpaid under Clause 20 (Fees);
 - (iii) **thirdly**, in or towards payment to the Lenders pro rata of any accrued interest (including, where a Mid-Interest Period Transfer has taken place towards payment to the Existing

Lenders and the New Lenders pro rata) and commitment fees due but unpaid under this Agreement;

(iv) **fourthly**, in or towards payment to the Lenders pro rata of any principal due but unpaid under this Agreement; and

(v) **fifthly**, in or towards payment pro rata of any other sum due but unpaid under the Finance Documents.

(b) Subject to the Security Deed, the Facility Agent shall, if so directed by all of the Lenders, vary the order set out in sub-paragraphs (a)(ii) to (v) above. The Facility Agent shall notify UPC Broadband of any such variation.

(c) Paragraphs (a) and (b) above shall override any appropriation made by any Obligor.

10. TAX GROSS-UP AND INDEMNITIES

10.1 Definitions

(a) In this Clause 10:

Protected Party means a Finance Party which is or will be, for or on account of Tax, subject to any liability or required to make any payment in relation to a sum received or receivable (or any sum deemed for the purposes of Tax to be received or receivable) under a Finance Document.

Tax Credit means a credit against, relief or remission for, or repayment of any Tax.

Tax Deduction means a deduction or withholding for or on account of Tax from a payment under a Finance Document.

Tax Payment means an increased payment made by an Obligor to a Finance Party under Clause 10.2 (Tax gross-up) or a payment under Clause 10.3 (Tax indemnity).

Treaty Lender means a Lender which is (on the date a payment falls due), entitled to that payment under a double taxation agreement in force on the date (subject to the completion of any necessary procedural formalities) without a Tax Deduction.

(b) In this Clause 10 a reference to **determines** or **determined** means a determination made in the absolute discretion of the person making the determination.

10.2 Tax gross-up

(a) Each Obligor shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.

(b) UPC Broadband or a Lender shall promptly upon becoming aware that an Obligor must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Facility Agent accordingly. If the Facility Agent receives such notification from a Lender it shall notify UPC Broadband and that Obligor.

(c) Subject to Clause 10.5 (U.S. Taxes), if a Tax Deduction is required by law to be made by an Obligor, the amount of the payment due from that Obligor shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.

(d) If an Obligor is required to make a Tax Deduction, that Obligor shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.

- (e) Within 30 days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Obligor making that Tax Deduction shall deliver to the Facility Agent for the Finance Party entitled to the payment evidence reasonably satisfactory to that Finance Party that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.
- (f) A Treaty Lender and each Obligor which makes a payment to which that Treaty Lender is entitled shall co-operate and use its reasonable efforts to complete any procedural formalities and provide any information, in each case on a timely basis, necessary for that Obligor to obtain authorisation to make that payment without a Tax Deduction (or with a reduced rate of such Tax Deduction).

10.3 Tax indemnity

- (a) The Obligors shall (within three Business Days of demand by the Facility Agent) pay to a Protected Party an amount equal to the loss, liability or cost which that Protected Party determines will be or has been (directly or indirectly) suffered for or on account of Tax by that Protected Party.
- (b) Paragraph (a) above shall not apply with respect to any Tax assessed on:
 - (i) a Finance Party:
 - (A) under the law of the jurisdiction in which that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party is treated as resident for tax purposes; or
 - (B) under the law of the jurisdiction in which that Finance Party's Facility Office is located in respect of amounts received or receivable in that jurisdiction,

if that Tax is imposed on or calculated by reference to the net income or net profits received or receivable (but not any sum deemed to be received or receivable) by that Finance Party; or
 - (ii) the Facility Agent, as a result of the failure by a Lender to satisfy on the due date of a payment of interest either of the conditions set out in Clause 19.16(b)(i)(A) and (B) (Lenders).
- (c) A Protected Party making or intending to make a claim pursuant to paragraph (a) above shall promptly notify the Facility Agent in writing of the event which will give, or has given, rise to the claim, including details of the nature of the Tax due or paid by that Protected Party, following which the Facility Agent shall promptly provide such information to UPC Broadband.
- (d) A Protected Party shall, on receiving a payment from an Obligor under this Clause 10.3, notify the Facility Agent.

10.4 Tax Credit

- (a) If an Obligor makes a Tax Payment and the relevant Finance Party determines that:
 - (i) a Tax Credit is attributable to that Tax Payment; and
 - (ii) that Finance Party has obtained, utilised and retained that Tax Credit,the Finance Party shall pay an amount to the Obligor which that Finance Party determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been made by the Obligor.

- (b) No provision of this Agreement shall:
- (i) interfere with the right of any Finance Party to arrange its tax or any other affairs in whatever manner it thinks fit or oblige any Finance Party to claim any credit, relief, remission or repayment in respect of any payment of Tax in priority to any other credit, relief, remission or repayment available to it, except that the Finance Party's sole reason (acting in good faith) for not claiming or for deferring such credit, relief, remission or repayment shall not be its obligation to make a payment under this Clause 10.4; or
 - (ii) oblige any Finance Party to disclose any information relating to its Tax or other affairs or any computations in respect thereof.

10.5 U.S. Taxes

The US Borrower shall not be required to pay any additional amount pursuant to Clause 10.2 (Tax gross-up) in respect of United States Taxes (including, without limitation, federal, state, local or other income Taxes), branch profits or franchise Taxes with respect to a sum payable by it pursuant to this Agreement to a Lender if on the date such Lender becomes a Party to this Agreement or has designated a new Facility Office either:

- (a) in the case of a Lender which is not a United States person (as such term is defined in Section 7701(a)(30) of the Code), such Lender has not provided the Borrower with two accurate and complete original signed copies of (i) U.S. Internal Revenue Service Form W-8BEN (relating to such Lender and claiming a complete exemption from withholding under an income tax treaty) (or successor form) or (ii) U.S. Internal Revenue Service Form W-8ECI (or successor form) certifying, in each case, to such Lender's entitlement as of such date to a complete exemption from United States withholding with respect to all amounts payable pursuant to the Finance Documents;
- (b) after the date such Lender becomes a Party to this Agreement, when a lapse in time or change in circumstances renders the previous certification of such Lender made pursuant to Clause 10.5(a) above obsolete or inaccurate, such Lender has not delivered to UPC Broadband two new accurate and complete original signed copies of Internal Revenue Service Form W-8ECI or Form W-8BEN (with respect to the benefit of any income tax treaty), as the case may be, and such other forms as may be required in order to confirm or establish the entitlement of such Lender to a continued exemption from or reduction in United States withholding tax with respect to amounts payable pursuant to the Finance Documents; or
- (c) such Lender is subject to such Tax by reason of any connection between the jurisdiction imposing such Tax and the Lender or its Facility Office other than a connection arising solely from this Agreement or any transaction contemplated hereby.

10.6 Value added tax

- (a) All consideration payable under a Finance Document by an Obligor to a Finance Party shall be deemed to be exclusive of any VAT. If VAT is chargeable, the Obligor shall, following delivery of a VAT invoice, pay to the Finance Party (in addition to and at the same time as paying the consideration) an amount equal to the amount of the VAT.
- (b) Where a Finance Document requires an Obligor to reimburse a Finance Party for any costs or expenses, that Obligor shall also at the same time pay and indemnify that Finance Party against all VAT incurred by that Finance Party in respect of the costs or expenses save to the extent that that Finance Party is entitled to repayment or credit in respect of the VAT.

11. MARKET DISRUPTION

11.1 Absence of quotations

Subject to Clause 11.2 (Market disruption), if LIBOR or, if applicable, EURIBOR is to be determined by reference to the Reference Banks but a Reference Bank does not supply a quotation by noon on the Rate Fixing Day, the applicable LIBOR or EURIBOR shall be determined on the basis of the quotations of the remaining Reference Banks.

11.2 Market disruption

- (a) If a Market Disruption Event occurs in relation to an Advance for any Interest Period, then the rate of interest on each Lender's share of that Advance for the Interest Period shall be the rate per annum which is the sum of:
- (i) the Margin;
 - (ii) the rate notified to the Facility Agent by that Lender as soon as practicable and in any event before interest is due to be paid in respect of that Interest Period, to be that which expresses as a percentage rate per annum the cost to that Lender of funding its participation in that Advance from whatever source it may reasonably select; and
 - (iii) the Mandatory Cost.
- (b) In this Agreement **Market Disruption Event** means:
- (i) at or about noon on the Rate Fixing Day for the relevant Term or Interest Period the Screen Rate is not available and none or only one of the Reference Banks supplies a rate to the Facility Agent to determine LIBOR or, if applicable, EURIBOR for the relevant currency and period; or
 - (ii) before close of business in London on the Rate Fixing Day for the relevant Interest Period, the Facility Agent receives notifications from a Lender or Lenders (whose participations in an Advance aggregate not less than one-third of that Advance) that the cost to it of obtaining matching deposits in the London Interbank Market or, as the case may be, the European Interbank Market would be in excess of LIBOR or, if applicable, EURIBOR.

11.3 Alternative basis of interest or funding

- (a) If a Market Disruption Event occurs and the Facility Agent or UPC Broadband so requires, the Facility Agent and UPC Broadband shall enter into negotiations (for a period of not more than 30 days) with a view to agreeing a substitute basis for determining the rate of interest.
- (b) Any alternative basis agreed pursuant to paragraph (a) above shall, with the prior consent of all the Lenders and UPC Broadband, be binding on all Parties.

11.4 Revocation of currency

If before 9.30 a.m. on any Rate Fixing Day, the Facility Agent receives notice from a Lender that:

- (a) it is impracticable for the Lender to fund its participation in an Advance in the relevant Optional Currency during that Interest Period in the ordinary course of business in the London or (in the case of euro) European Interbank Market; and/or
- (b) the use of the proposed Optional Currency might contravene any law or regulation,
- the Facility Agent shall give notice to UPC Broadband and to the Lenders to that effect before 11.00 a.m. on that day. In this event:
- (i) UPC Broadband and the Lenders may agree that the drawdown will not be made; or

- (ii) in the absence of agreement:
- (A) that Lender's participation in the Advance (or, if more than one Lender is similarly affected, those Lender's participations in the Advance) shall be treated as a separate Advance denominated in euros (in the case of a Facility A Advance, Facility B Advance or Facility C1 Advance) or Dollars (in the case of a Facility C2 Advance) during the relevant Interest Period;
- (B) in the definitions of "LIBOR" or, as applicable, "EURIBOR", (insofar as it applies to that Advance) in Clause 1.1 (Definitions):
 - I. there shall be substituted for the time "11.00 a.m." the time "1.00 p.m."; and
 - II. paragraph (c) of the relevant definition shall apply.

12. INCREASED COSTS

12.1 Increased Costs

- (a) Subject to Clause 12.3 (Exceptions) the Borrowers shall, within three Business Days of a demand by the Facility Agent, pay to the Facility Agent for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Holding Companies as a result of (i) the introduction of or any change in (or in the interpretation or application of) any law or regulation after the Signing Date or (ii) compliance with any law or regulation made after the Signing Date.
- (b) In this Agreement **Increased Costs** means:
 - (i) a reduction in the rate of return from the Facilities or on a Finance Party's (or any of its Holding Companies') overall capital;
 - (ii) an additional or increased cost; or
 - (iii) a reduction of any amount due and payable under any Finance Document,

which is incurred or suffered by a Finance Party or any of its Holding Companies to the extent that it is attributable to that Finance Party having entered into its Commitment or funding or performing its obligations under any Finance Document.

12.2 Increased cost claims

- (a) A Finance Party intending to make a claim pursuant to Clause 12.1 (Increased Costs) as soon as is reasonably practicable after that Finance Party becomes aware that circumstances have arisen which entitle it to make such claim, shall notify the Facility Agent of the event giving rise to the claim, following which the Facility Agent shall promptly notify UPC Broadband.
- (b) Each Finance Party shall, as soon as practicable after a demand by the Facility Agent, provide a certificate confirming the amount of its Increased Costs.

12.3 Exceptions

- (a) Clause 12.1 (Increased Costs) does not apply to the extent any Increased Cost is:
 - (i) attributable to a Tax Deduction required by law to be made by an Obligor;
 - (ii) compensated for by Clause 10.3 (Tax indemnity) (or would have been compensated for under Clause 10.3 (Tax indemnity) but was not so compensated solely because one of the exclusions in Clause 10.3(b) (Tax indemnity) applied);
 - (iii) compensated for by the payment of the Mandatory Cost; or

(iv) attributable to the wilful breach by the relevant Finance Party or any of its Holding Companies of any law or regulation.

(b) In this Clause 12.3, a reference to a **Tax Deduction** has the same meaning given to the term in Clause 10.1 (Definitions).

13. ILLEGALITY AND MITIGATION

13.1 Illegality

If it is or will become unlawful in any applicable jurisdiction for a Lender to give effect to any of its obligations as contemplated by this Agreement or to fund or allow to remain outstanding all or part of its participation in any Advance:

- (a) that Lender shall promptly notify the Facility Agent upon becoming aware of the same;
- (b) upon the Facility Agent notifying UPC Broadband, the Commitment of that Lender will be immediately cancelled; and
- (c) if the Facility Agent on behalf of such Lender requires, the relevant Borrower or Borrowers shall repay that Lender's participation in any Advance made to that Borrower on the last day of the Interest Period for each Advance occurring after the Facility Agent has notified UPC Broadband or, if earlier, the date specified by the Lender in the notice delivered to the Facility Agent (being no earlier than the last day of any applicable grace period permitted by law).

13.2 Mitigation

- (a) Each Finance Party shall, in consultation with UPC Broadband, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount (including without limitation, VAT) becoming payable under, or cancelled pursuant to, any of Clause 10 (Tax Gross-up and Indemnities), Clause 12 (Increased Costs) or Clause 13.1 (Illegality) including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.
- (b) Paragraph (a) above does not in any way limit the obligations of any Obligor under the Finance Documents.

13.3 Limitation of Liability

- (a) The Borrowers shall indemnify each Finance Party for all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under Clause 13.2 (Mitigation).
- (b) A Finance Party is not obliged to take any steps under Clause 13.2 (Mitigation) if, in the opinion of that Finance Party (acting reasonably), to do so might be prejudicial to it.

14. GUARANTEE

14.1 Guarantee and indemnity

In consideration of the Finance Parties entering into this Agreement and, where applicable, the other Finance Documents and performing their obligations thereunder and the Senior Hedging Banks and the High Yield Hedging Banks from time to time entering into the Senior Hedging Agreements and the High Yield Hedging Agreements respectively, each Guarantor irrevocably and unconditionally, jointly and severally:

- (a) guarantees to each Finance Party and the Security Agent on behalf of the Beneficiaries punctual performance by each Borrower and each Hedging Counterparty of all their respective obligations under the Guaranteed Documents;

- (b) undertakes with each Finance Party and the Security Agent on behalf of the Beneficiaries that whenever a Borrower or a Hedging Counterparty does not pay any amount when due under or in connection with any Guaranteed Document, that Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and
- (c) indemnifies each Finance Party and the Security Agent on behalf of the Beneficiaries immediately on demand against any cost, loss or liability suffered by that Finance Party or Beneficiary if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal. The amount of the cost, loss or liability shall be equal to the amount which that Finance Party or Beneficiary would otherwise have been entitled to recover.

Any demand issued to a Guarantor under this Clause 14.1 shall be copied to UPC Broadband at the same time as it is issued to the relevant Guarantor, provided that failure to do so shall not affect the validity or effectiveness of the demand or the obligations of the Guarantor under this Clause 14 (Guarantee).

14.2 Continuing guarantee

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by any Obligor or any Hedging Counterparty under the Guaranteed Documents, regardless of any intermediate payment or discharge in whole or in part.

14.3 Reinstatement

If any payment by an Obligor or a Hedging Counterparty or any discharge given by a Beneficiary (whether in respect of the obligations of any Obligor or any Hedging Counterparty or any security for those obligations or otherwise) is avoided or reduced as a result of insolvency or any similar event:

- (a) the liability of each Obligor shall continue as if the payment, discharge, avoidance or reduction had not occurred; and
- (b) each Beneficiary shall be entitled to recover the value or amount of that security or payment from each Obligor, as if the payment, discharge, avoidance or reduction had not occurred.

14.4 Waiver of defences

The obligations of each Guarantor under this Clause 14 will not be affected by any act, omission, matter or thing which, but for this Clause, would reduce, release or prejudice any of its obligations under this Clause 14 (without limitation and whether or not known to it or any Beneficiary) including:

- (a) any time, waiver or consent granted to, or composition with, any Obligor or any Hedging Counterparty or other person;
- (b) the release of any other Obligor or any Hedging Counterparty or any other person under the terms of any composition or arrangement with any creditor of any member of the Borrower Group or any Hedging Counterparty;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or any Hedging Counterparty or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (d) any incapacity or lack of power, authority or legal personality of, or dissolution or change in, the members or status of an Obligor or a Hedging Counterparty or any other person;

- (e) any amendment (however fundamental) or replacement of a Guaranteed Document or any other document or security;
- (f) any unenforceability, illegality or invalidity of any obligation of any person under any Guaranteed Document or any other document or security; or
- (g) any insolvency or similar proceedings.

14.5 Immediate recourse

None of the Beneficiaries shall be obliged to make any claim or demand on the Borrowers or any Hedging Counterparty or to resort to any security document or other means of payment now or hereafter held by or available to them or it before enforcing its rights under this Clause 14 and no action taken or omitted by any of the Beneficiaries in connection with any such security document or other means of payment shall discharge, reduce, prejudice or affect the liability of any Guarantor under this Clause 14 nor shall any of the Beneficiaries be obliged to apply any money or other property received or recovered in consequence of any enforcement or realisation of any such Security Document or other means of payment in reduction of the obligations and liabilities expressed to be guaranteed by the Guarantors pursuant to this Clause 14.

14.6 Appropriations

Until all amounts which may be or become payable by the Obligors and the Hedging Counterparties under or in connection with the Guaranteed Documents have been irrevocably paid in full, each Beneficiary (or any trustee or agent on its behalf) may:

- (a) refrain from applying or enforcing any other moneys, security or rights held or received by that Beneficiary (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no Guarantor shall be entitled to the benefit of the same; and
- (b) hold in an interest-bearing suspense account any moneys received from any Guarantor or on account of any Guarantor's liability under this Clause 14.

14.7 Deferral of Guarantors' rights

Until all amounts which may be or become payable by the Obligors and the Hedging Counterparties under or in connection with the Guaranteed Documents have been irrevocably paid in full (and notwithstanding payment of a dividend in any liquidation or under any compromise or arrangement) each Guarantor agrees that, without the prior written consent of the Facility Agent, it will not:

- (a) exercise its rights of subrogation, reimbursement and indemnity against any other Obligor or Hedging Counterparty or any other person liable; or
- (b) demand or accept any security to be executed in respect of any of its obligations under this guarantee or any other indebtedness now or hereafter due to such Guarantor from any other member of the Borrower Group or any Hedging Counterparty or from any other person liable; or

- (c) take any step or enforce any right against any Obligor or any Hedging Counterparty or any other person liable in respect of any obligations and liabilities expressed to be guaranteed by the Guarantors pursuant to this Clause 14; or
- (d) exercise any right of set-off or counterclaim against any other Obligor or any Hedging Counterparty or any other person liable or claim or prove or vote as a creditor in competition with any of the Beneficiaries in the bankruptcy, liquidation, administration or other insolvency proceeding of any other Obligor or any Hedging Counterparty or any other person liable or have the benefit of, or share in, any payment from or composition with, any other Obligor or any Hedging Counterparty or any other person liable or any other security document now or hereafter held by any of the Beneficiaries for the obligations and liabilities expressed to be guaranteed by the Guarantors pursuant to this Clause 14 or for the obligations or liabilities of any other person liable, but so that, if so directed by the Facility Agent, it will prove for the whole or any part of its claim in the liquidation of any other Obligor or any Hedging Counterparty, as the case may be, on terms that the benefit of such proof and of all money received by it in respect thereof shall immediately be transferred to an account to be designated by the Security Agent for the Beneficiaries and applied in or towards discharge of the obligations and liabilities expressed to be guaranteed by the Guarantors pursuant to this Clause 14 in accordance with the Security Deed.

14.8 Additional security

This guarantee is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by any Beneficiary.

14.9 Limitation

Notwithstanding any other provision of this Clause 14, the obligations of each US Guarantor under this Clause 14, shall be limited to a maximum aggregate amount equal to the largest amount that would not render its obligations hereunder subject to avoidance as a fraudulent transfer or conveyance under Section 548 of Title 11 of the United States Bankruptcy Code, any applicable provisions of comparable state law or any applicable case law (collectively, the **Fraudulent Transfer Laws**), in each case after giving effect to all other liabilities of such US Guarantor, contingent or otherwise, that are relevant under the Fraudulent Transfer Laws and after giving effect as assets to the value (as determined under the applicable provisions of the Fraudulent Transfer Laws) of any rights to subrogation, contribution, reimbursement, indemnity or similar rights of such US Guarantor pursuant to (i) applicable law or (ii) any agreement providing for an equitable allocation among such US Guarantors and other Affiliates of the Borrower Group of the obligations arising under guarantees by such parties.

For the purposes of this Clause 14.9, **US Guarantor** means each Guarantor incorporated (or in the case of a non-corporate Guarantor, formed and subsisting) in the United States of America (or any of its states or territories or any political or legal subdivision thereof).

15. REPRESENTATIONS AND WARRANTIES

15.1 Representations and warranties

- (a) Subject to paragraph (b), each Obligor makes the representations and warranties set out in this Clause 15, in respect of itself and (where applicable) its Subsidiaries which are members of the Borrower Group, other than:
 - (i) Clauses 15.9 (Accounts), 15.10 (Financial condition), 15.14 (Information), 15.14A (Business Plan) and 15.25 (Dutch Banking Act), which shall only be made by UPC Broadband; and
 - (ii) Clause 15.24 (US Borrower), which shall only be made by the US Borrower,

to each Finance Party.

- (b) UPC Broadband Holdco does not make the representations and warranties set out in Clauses 15.6(b) or (c) (Consents), 15.7 (Material Contracts), 15.9 (Accounts), 15.10 (Financial condition), 15.11 (Environmental), 15.13(a) (Litigation and insolvency proceedings), 15.14 (Information), 15.15 (Tax liabilities), 15.16 (Ownership of assets), 15.17 (Intellectual Property Rights), 15.19 (Borrower Group structure) and 15.24 (US Borrower).

15.2 Status

- (a) It is a corporation, duly incorporated and validly existing under the laws of its place of incorporation and, in the case of the US Borrower only, it is a Delaware general partnership duly formed and wholly existing under the laws of its place of formation.
- (b) It has the power to own its assets and carry on its business as it is being conducted.

15.3 Powers and authority

It has the power:

- (a) to enter into and comply with all obligations expressed on its part under the Finance Documents; and
- (b) (in the case of a Borrower) to borrow under this Agreement; and
- (c) (in the case of a Guarantor) to give the guarantee in Clause 14 (Guarantee),

and has taken all necessary actions to authorise the execution, delivery and performance of the Finance Documents to which it is a party.

15.4 Legal validity

- (a) Each Finance Document to which it is or will be a party constitutes, or when executed in accordance with its terms will constitute, its legal, valid and binding obligations enforceable, subject to any relevant reservations or qualifications as to matters of law contained in any legal opinion referred to in paragraph 3 of Part 1 of Schedule 2 (Conditions Precedent Documents) or (as applicable) paragraph 12 of Part 2 of Schedule 2 (Conditions Precedent Documents), in accordance with its terms.
- (b) The choice of English law as the governing law of the Finance Documents and its irrevocable submission to the jurisdiction of the courts of England in respect of any proceedings relating to the Finance Documents (in each case other than any Finance Document which is expressly to be governed by a law other than English law) will be recognised and enforced in its jurisdiction of incorporation, subject to any relevant reservation or qualification as to matters of law contained in any legal opinion referred to in paragraph (a) above.
- (c) Any judgment obtained in England in relation to a Finance Document (in each case other than any Security Document which is expressly to be governed by a law other than English law) will be recognised and enforced in its jurisdiction of incorporation, subject to any relevant reservation or qualification as to matters of law contained in any legal opinion referred to in paragraph (a) above.

15.5 Non-violation

The execution and delivery by it of, the Finance Documents to which it is a party, and its performance of the transactions contemplated thereby, will not violate:

- (a) in any material respect, any law or regulation or official judgment or decree applicable to it;
- (b) in any material respect, its constitutional documents; or

- (c) any agreement or instrument to which it is a party or binding on any of its assets or binding upon any other member of the Borrower Group or any other member of the Borrower Group's assets, where such violation would or is reasonably likely to have a Material Adverse Effect.

15.6 Consents

- (a) Subject to any relevant reservations or qualifications contained in any legal opinion referred to in Clause 15.4(a) (Legal validity) above, all material and necessary authorisations, registrations, consents, approvals, licences (other than the Licences), and filings required by it in connection with the execution, validity or enforceability of the Finance Documents to which it is a party and performance of the transactions contemplated by the Finance Documents have been obtained (or, if applicable, will be obtained within the required time period) and are validly existing.
- (b) The Licences are in full force and effect and each member of the Borrower Group is in compliance in all material respects with all provisions thereof such that the Licences are not the subject of any pending or, to the best of its knowledge, threatened attack, suspension or revocation by a competent authority except, in each case, to the extent that any lack of effect, non-compliance or attack, suspension or revocation of a Licence would not have or be reasonably likely to have a Material Adverse Effect.
- (c) All the Necessary Authorisations are in full force and effect, each member of the Borrower Group is in compliance in all material respects with all provisions thereof and the Necessary Authorisations are not the subject of any pending or, to the best of its knowledge, threatened attack or revocation by any competent authority except, in each case, to the extent that any lack of effect, non-compliance or attack or revocation of a Necessary Authorisation would not have or be reasonably likely to have a Material Adverse Effect.

15.7 Material Contracts

- (a) Each Material Contract to which any member of the Borrower Group is a party constitutes, or will when executed constitute, the legal, valid and binding obligation of such member, subject to the application of any relevant insolvency, bankruptcy or similar laws or other laws affecting the interests of creditors generally, enforceable against it in accordance with its terms.
- (b) No member of the Borrower Group is in breach of any of its material obligations under any Material Contract to which such member is a party, nor (to the best of its knowledge and belief), is any other party thereto, in each case in such a manner or to such an extent as would or is reasonably likely to have a Material Adverse Effect. To the best of its knowledge and belief there is no material dispute between any member of the Borrower Group and any other party to a Material Contract and there have been no amendments to any Material Contract in the form provided to the Facility Agent prior to the date of this Agreement which would or is reasonably likely to have a Material Adverse Effect.

15.8 No default

- (a) No Event of Default has occurred and is continuing or will result from the making of any Advance.
- (b) None of it or any other member of the Borrower Group is in default under any law, regulation or agreement to which it is subject, except for a default which will not have or be reasonably likely to have a Material Adverse Effect.

15.9 Accounts

The consolidated financial statements of it and the Borrower Group most recently delivered to the Facility Agent (which, at the date of this Agreement are the Original Borrower Group Financial Statements):

- (a) present a true and fair view of (in the case of audited financial statements) or fairly present (in the case of unaudited financial statements) its financial position and the consolidated financial position of the Borrower Group respectively as at the date to which they were drawn up; and
- (b) have been prepared in all material respects in accordance with GAAP (except that such consolidated financial statements do not include all consolidated Subsidiaries to the extent they are Unrestricted Subsidiaries).

15.10 Financial condition

There has been no material adverse change in the consolidated financial position of the Borrower Group (taken as a whole) since the date of the Original Borrower Group Financial Statements which would or is reasonably likely to have a Material Adverse Effect.

15.11 Environmental

- (a) It and each other member of the Borrower Group (i) have obtained all requisite Environmental Licences required for the carrying on of its business as currently conducted and (ii) have at all times complied with the terms and conditions of such Environmental Licences and (iii) have at all times complied with all other applicable Environmental Law, which in each such case, if not obtained or complied with, would or is reasonably likely to have a Material Adverse Effect.
- (b) There is no Environmental Claim in existence, pending or, to the best of its knowledge, threatened, against it which is reasonably likely to be decided against it and which, if so decided, would or is reasonably likely to have a Material Adverse Effect.
- (c) So far as it is aware, no Dangerous Substance has been used, disposed of, generated, stored, transported, dumped, released, deposited, buried or emitted at, on, from or under any premises (whether or not owned, leased, occupied or controlled by it or any member of the Borrower Group and including any offsite waste management or disposal location utilised by it or any member of the Borrower Group) in circumstances where this would be reasonably likely to result in a liability on it which would or is reasonably likely to have a Material Adverse Effect.

15.12 Security Interests

Its execution and delivery of this Agreement does not necessitate and will not result in the creation or imposition of any Security Interest over any of its material assets or those of any member of the Borrower Group (except for any Security Interest created pursuant to the Security Documents).

15.13 Litigation and insolvency proceedings

- (a) No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency have been started against any member of the Borrower Group and, to its knowledge, no such proceedings are threatened, where in any such case, there is a reasonable likelihood of an adverse outcome to any member of the Borrower Group where that outcome is of a nature which would or is reasonably likely to have a Material Adverse Effect.
- (b) None of the circumstances referred to in Clause 18.7 (Insolvency proceedings) are pending or, to its knowledge, threatened against it or any member of the Borrower Group which is a Material Subsidiary.

15.14 Information

- (a) To the best of its knowledge after due inquiry, as of the date of any Information Memorandum:
- (i) the factual information relating to the Borrower Group and UPC contained in that Information Memorandum is accurate in all material respects;
 - (ii) all UPC Broadband's projections and forecasts contained in that Information Memorandum were based on and arrived at after due and careful consideration and have been prepared by UPC Broadband on the basis of assumptions that UPC Broadband believed were reasonable as of the date of the projections;
 - (iii) there are no material facts or circumstances which have not been disclosed to the Lenders in writing prior to the date of that Information Memorandum and which would make any material factual information referred to in (i) above untrue, inaccurate or misleading in any material respect as at the date of that Information Memorandum, or any such opinions, projections, or assumptions referred to in (ii) above misleading in any material respect as at the date of that Information Memorandum.
- (b) To the best of its knowledge after due inquiry, the factual information furnished by or on behalf of UPC or any member of the Borrower Group to the Consultant and contained or referred to in the Consultant's Report was true in all material respects at the respective dates as of which that information speaks.
- (c) Notwithstanding paragraphs (a) and (b) above, no representation is made in respect of (i) any information, facts, statements, opinions, projections, forecasts, demographic statistics or circumstances relating to the cable, media, telecommunications and data services industry as a whole, (ii) the research reports contained in Book Two of the Information Memorandum and (iii) any person other than any member of the Borrower Group.

15.14A Business Plan

To the best of its knowledge after due inquiry, as of the date of the Business Plan:

- (a) the factual information relating to the Borrower Group contained in the Business Plan is accurate in all material respects;
- (b) all UPC Broadband's projections and forecasts contained in the Business Plan were based on and arrived at after due and careful consideration and have been prepared by UPC Broadband on the basis of assumptions that UPC Broadband believed were reasonable as of the date of the projections;
- (c) there are no material facts or circumstances which have not been disclosed to the Lenders in writing prior to the date of the Business Plan and which would make any material factual information referred to in (a) above untrue, inaccurate or misleading in any material respect as at the date of the Business Plan, or any such opinions, projections, or assumptions referred to in (b) above misleading in any material respect as at the date of the Business Plan.

15.15 Tax liabilities

No claims are being asserted against it or any member of the Borrower Group with respect to Taxes which are reasonably likely to be determined adversely to it or to such member and which, if so adversely determined, would or is reasonably likely to have a Material Adverse Effect. It is not materially overdue in the filing of any Tax returns required to be filed by it (where such late filing might result in any material fine or penalty on it) and it has paid within any period required by law all Taxes shown to be due on any Tax returns required to be filed by it or on any assessments made against it (other than Tax liabilities being contested by it in good faith and where it has

made adequate reserves for such liabilities or where such overdue filing, or non-payment, or a claim for payment, of which in each such case would not have or be reasonably likely to have a Material Adverse Effect).

15.16 Ownership of assets

It and each member of the Borrower Group has good title to or valid leases or licences of or is otherwise entitled to use all assets necessary to conduct its business, except where the failure to do so would not have or be reasonably likely to have a Material Adverse Effect.

15.17 Intellectual Property Rights

- (a) It (and each member of the Borrower Group) owns or has the legal right to use all the Intellectual Property Rights which are required for the conduct of the business of the Borrower Group as a whole from time to time or are required by it (or such member) in order for it to carry on such business as it is then being conducted, except where the failure to do so would not have or be reasonably likely to have a Material Adverse Effect. As far as it is aware it does not (nor does any member of the Borrower Group), in carrying on its business, infringe any Intellectual Property Rights of any third party in any way which would or is reasonably likely to have a Material Adverse Effect.
- (b) None of the Intellectual Property Rights owned by any member of the Borrower Group is, to its knowledge, being infringed nor, to its knowledge, is there any threatened infringement of those Intellectual Property Rights, by any third party which, in either case, would or is reasonably likely to have a Material Adverse Effect.
- (c) All registered Intellectual Property Rights owned by it (or any member of the Borrower Group) are subsisting and all actions (including payment of all fees) required to maintain the same in full force and effect have been taken except where the absence of such rights or the failure to take any such action would not have or be reasonably likely to have a Material Adverse Effect.

15.18 Works councils

All of the requirements of Section 25 of The Netherlands Works Council Act (*Wet op de Ondernemingsraden*) in connection with the transactions contemplated by the Finance Documents which are applicable to an Obligor have been complied with by that Obligor.

15.19 Borrower Group structure

Schedule 10 (Borrower Group Structure) sets out a description which is true and complete in all material respects as at the Effective Date of the corporate ownership structure of the Borrower Group and of the ownership of the Borrower (but does not describe any level of ownership above UGCE Inc.).

15.20 ERISA

Neither it nor any member of the Borrower Group or ERISA Affiliate maintains, contributes to or has any obligation to contribute to or any liability under, any Plan, or in the past five years has maintained or contributed to or had any obligation to, or liability under, any Plan.

15.21 United States Regulations

Neither it nor any member of the Borrower Group is:

- (a) a holding company as defined in the United States Public Utility Holding Company Act of 1935 or subject to regulation thereunder;
- (b) a public utility as defined in the United States Federal Power Act of 1920 or subject to regulation thereunder;

- (c) required to be registered as an investment company as defined in the United States Investment Company Act of 1940 or subject to regulation thereunder; or
- (d) subject to regulation under any United States Federal or State law or regulation that limits its ability to incur or guarantee indebtedness.

15.22 Anti-Terrorism Laws

To the best of its knowledge, neither it nor any member of the Borrower Group:

- (a) is, or is controlled by, a Designated Party;
- (b) has received funds or other property from a Designated Party; or
- (c) is in material breach of or is the subject of any action or investigation under any Anti-Terrorism Law.

It and each of its Affiliates have taken commercially reasonable measures to ensure compliance with the Anti-Terrorism Laws.

15.23 Margin stock

- (a) (In the case of the Borrowers only) the proceeds of the Facilities have been and will be used only for the purposes described in Clause 3 (Purpose).
- (b) Neither it nor any member of the Borrower Group is engaged principally in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulations U and X of the Board of Governors of the United States Federal Reserve System), and no portion of any Advance has been or will be used, directly or indirectly, to purchase or carry margin stock or to extend credit to others for the purpose of purchasing or carrying margin stock.

15.24 US Borrower

The US Borrower did not trade or carry on any business from the date it was formed up to and including 26th October, 2000 except for investment in or proposed investment in other members of the Borrower Group by way of intercompany loan or subscription of shares.

15.25 Dutch Banking Act

- (a) On the Effective Date, UPC Broadband is in compliance with the applicable provisions of the Dutch Banking Act and any implementing regulations; and
- (b) On the date falling 30 days after the Effective Date, UPC Broadband has verified, by obtaining a duly completed and executed Verification Letter, the status of each Facility A Lender under this Agreement either as:
 - (i) a Professional Market Party; or
 - (ii) exempted from the requirement to be a Professional Market Party because it forms part of a closed circle (*besloten kring*) with UPC Broadband.

15.26 Investment Company Act

Neither it nor any member of the Borrower Group is an "investment company" or a company "controlled" by an "investment company", within the meaning of the United States Investment Company Act of 1940, as amended.

15.27 Public Utility Holding Company Act and Federal Power Act

Neither it nor any member of the Borrower Group is a "holding company", or an "affiliate" of a "holding company" or a "subsidiary company" of a "holding company", within the meaning of, or

otherwise subject to regulation under, the United States Public Utility Holding Company Act of 1935, as amended. Neither it nor any member of the Borrower Group is a "public utility" within the meaning of, or otherwise subject to regulation under, the United States Federal Power Act.

15.28 Times for making representations and warranties

- (a) The representations and warranties set out in this Clause 15 (Representations and Warranties) are made by each Obligor on the Signing Date and (except for Clauses 15.6 (Consents), 15.10 (Financial condition), 15.12 (Security Interests), 15.13(b) (Litigation and insolvency proceedings), 15.14 (Information), 15.14A (Business Plan), 15.15 (Tax liabilities), 15.16 (Ownership of assets), 15.18 (Works councils), 15.19 (Borrower Group structure), 15.20 (ERISA), 15.24 (US Borrower) and 15.25 (Dutch Banking Act)) are deemed to be made again by each relevant Obligor on the date of each Request, the first day of each Interest Period and on each Utilisation Date with reference to the facts and circumstances then existing.
- (b) The representations and warranties set out in this Clause 15 (Representations and Warranties) (except Clauses 15.9 (Accounts), 15.10 (Financial condition), 15.14 (Information), 15.14A (Business Plan), 15.19 (Borrower Group structure) and 15.24 (US Borrower)) are repeated by each Additional Guarantor with respect to itself on the date of the Guarantor Accession Agreement relating to that Additional Guarantor, with reference to the facts and circumstances then subsisting.
- (c) The representation and warranty made by UPC Broadband in Clause 15.14 (Information) will be deemed to be repeated on the date any updated Information Memorandum is delivered to the Facility Agent by UPC Broadband, but only in respect of that updated Information Memorandum, by reference to the facts and circumstances existing on the relevant date.
- (d) The representation and warranty made by UPC Broadband in Clause 15.14A (Business Plan) will be deemed to be repeated on the date any updated Business Plan is delivered to the Facility Agent by UPC Broadband, but only in respect of that updated Business Plan, by reference to the facts and circumstances existing on the relevant date.

16. UNDERTAKINGS

16.1 Duration

The undertakings in this Clause 16 (Undertakings) will remain in force from the Signing Date for so long as any amount is or may be outstanding under any Finance Document or any Commitment is in force.

16.2 Financial information

UPC Broadband shall supply to the Facility Agent in sufficient copies for all the Lenders:

- (a) as soon as the same are available (and in any event within 150 days of the end of each of its financial years) audited consolidated financial statements of UPC Broadband Holdco for that financial year;
- (b) as soon as the same are available (and, in any event, (in the case of its first three financial quarters in any financial year) within 60 days of the end of each of its financial quarters and (in the case of its fourth financial quarter in each financial year) within 150 days of the end of each such financial quarter), unaudited quarterly consolidated management accounts of UPC Broadband Holdco for that financial quarter in the agreed form;
- (c) by no later than 60 days after the last day of each of its financial years, an annual budget for the Distribution Business of the Borrower Group in the agreed form for the immediately following financial year;

- (d) together with any financial statements specified in paragraphs (a) or (b) above, a certificate signed by a director of UPC Broadband:
- (i) confirming that no Default is outstanding or if a Default is outstanding, specifying the Default and the steps, if any, being taken to remedy it;
 - (ii) setting out in reasonable detail computations establishing, as at the date of such financial statements, whether each of the financial ratios set out in Clause 17 (Financial Covenants) were complied with;
 - (iii) (in the case of financial statements specified in paragraph (a) above, starting with the annual financial statements for 31st December, 2004) setting out in reasonable detail computations establishing the Excess Cash Flow (if any) for the financial year to which such financial statements were delivered for the purposes of Clause 7.5 (Mandatory prepayment from Excess Cash Flow and Net Equity Proceeds);
 - (iv) certifying current compliance with the Borrowers' obligations under Clause 7.6(b)(i) (Prepayment from disposal proceeds); and
 - (v) certifying compliance with Clause 16.11(a) (Acquisitions and mergers);
- (e) as soon as the same is available (and in any event within 90 days after each of its financial quarters) the consolidated financial statements of UGC for that financial quarter on Form 10Q as filed with the United States Securities and Exchange Commission (the **Commission**) or such other comparable form as UGC is required to file with the Commission under the United States Securities Exchange Act of 1934 (the **1934 Act**) or, if UGC is no longer subject to the reporting requirements of the 1934 Act, in the form required to be filed with the regulatory body comparable to the Commission then having jurisdiction over UGC;
- (f) as soon as the same is available (and in any event within 180 days after each of its financial years) the audited consolidated financial statements of UGC for that financial year on Form 10K as filed with the Commission or such other comparable form as UGC is required to file with the Commission under the 1934 Act or, if UGC is no longer subject to the reporting requirements of the 1934 Act, in the form required to be filed with the regulatory body comparable to the Commission then having jurisdiction over UGC;
- (g) together with the financial statements and accounts referred to in paragraphs (a) and (b), a reconciliation demonstrating the effect of excluding from such financial statements or accounts the results of any business or activity other than the Distribution Business of the Borrower Group, provided that non-Distribution Business Assets need not be so excluded (and the reconciliation need not apply to such assets) unless they are subject to any Security Interest referred to in paragraph (i) of the definition of "Permitted Security Interest" or any other form of recourse as contemplated by Clause 16.12(b)(xii) (Restrictions on Financial Indebtedness); and
- (h) details of the principal terms (including without limitation, details of the notional amount, the termination date and applicable rates) of any Senior Hedging Agreements or High Yield Hedging Agreements to which any member of the Borrower Group is a party within five Business Days of any Senior Hedging Agreement or High Yield Hedging Agreement being entered into.

16.3 Information—Miscellaneous

UPC Broadband shall supply promptly (and in any event in the case of paragraph (d) below within five Business Days of the date on which UPC Broadband becomes aware of such information) or

procure that there shall be supplied (both in hard copy and in electronic form) promptly to the Facility Agent:

- (a) all notices, reports or other documents despatched by or on behalf of any Obligor to its creditors generally in relation to it or any of its Subsidiaries;
- (b) a copy of any material report or other notice, statement or circular, sent or delivered by any member of the Borrower Group whose shares are pledged to the Security Agent pursuant to any Security Document to any person in its capacity as shareholder of such member of the Borrower Group, which materially adversely affects the interest of the Finance Parties under such Security Document;
- (c) such other material information regarding the Borrower Group and which is in the possession or control of any member of the Borrower Group as the Facility Agent may from time to time reasonably request; and
- (d) written notification of:
 - (i) the Priority Pledge becoming enforceable;
 - (ii) any breach by Priority Telecom N.V. of its obligations set out in the Priority Pledge; and
 - (iii) any breach of the Sale and Purchase Agreements.

16.3A Enforcement of and undertakings in relation to certain agreements

- (a) UPC Broadband agrees promptly after (and in any event within five Business Days of) receiving notice from the Facility Agent to do so, to take all necessary action to:
 - (i) if the Priority Pledge becomes enforceable, enforce the Priority Pledge;
 - (ii) if Priority Telecom N.V. has breached its obligations set out in the Priority Pledge in any material respect, enforce its rights in respect of any such breaches by Priority Telecom N.V. of its obligations under the Priority Pledge; and
 - (iii) if any party to the Sale and Purchase Agreements is in default under any one or more of the Sale and Purchase Agreements in any material respect, enforce its rights in respect of such default.
- (b) UPC Broadband undertakes to keep the Lenders informed and to take such action in connection with the enforcement of the Priority Pledge or its rights under the Priority Pledge or any of the Sale and Purchase Agreements (as the case may be) as may be requested by the Facility Agent (acting on the instructions of the Majority Lenders).
- (c) UPC Broadband undertakes not to agree to any amendment, variation, supplement or waiver of the Priority Pledge or the Sale and Purchase Agreements without the written consent of the Facility Agent (acting on the instructions of the Majority Lenders) where the same would prejudice in any material respect the interests of the Lenders under such arrangements.

16.4 Notification of Default and inspection rights

- (a) Each Obligor shall notify the Facility Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of it (unless that Obligor is aware that such a notification has already been provided by another Obligor).
- (b) Each Obligor (other than UPC Broadband Holdco) shall, if required by the Facility Agent (acting on the instructions of the Majority Lenders), at any time whilst an Event of Default is continuing or the Facility Agent has reasonable grounds to believe that an Event of Default may exist and at

other times if the Facility Agent has reasonable grounds for such request, permit representatives of the Facility Agent upon reasonable prior written notice to UPC Broadband to:

- (i) visit and inspect the properties of any member of the Borrower Group during normal business hours;
- (ii) inspect its books and records other than records which the relevant member of the Borrower Group is prohibited by law, regulation or contract from disclosing to the Facility Agent; and
- (iii) discuss with its principal officers and Auditors its business, assets, liabilities, financial position, results of operations and business prospects provided that (A) any such discussion with the Auditors shall only be on the basis of the audited financial statements of the Borrower Group and any compliance certificates issued by the Auditors and (B) representatives of UPC Broadband shall be entitled to be present at any such discussion with the Auditors.

(c) Any Obligor must promptly upon becoming aware of it notify the Facility Agent of:

- (i) any Reportable Event;
- (ii) the termination of or withdrawal from, or any circumstances reasonably likely to result in the termination of or withdrawal from, any Plan subject to Title IV of ERISA; and
- (iii) material non-compliance with any law or regulation relating to any Plan which would or is reasonably likely to have a Material Adverse Effect.

16.5 Authorisations

Each Obligor (other than UPC Broadband Holdco, in the case of paragraphs (b) and (c) below) will, and will procure that each of its Subsidiaries which is a member of the Borrower Group will:

(a) obtain or cause to be obtained, maintain and comply with the terms of:

- (i) every material consent, authorisation, licence or approval of, or filing or registration with or declaration to, governmental or public bodies or authorities or courts; and
- (ii) every material notarisation, filing, recording, registration or enrolment in any court or public office,

in each case required under any law or regulation to enable it to perform its obligations under, or for the validity, enforceability or admissibility in evidence of any Finance Document to which it is a party; and

- (b) obtain or cause to be obtained every Necessary Authorisation and the Licences and ensure that (i) none of the Necessary Authorisations or Licences is revoked, cancelled, suspended, withdrawn, terminated, expires and is not renewed or otherwise ceases to be in full force and effect and (ii) no Necessary Authorisation or Licence is modified and no member of the Borrower Group commits any breach of the terms or conditions of any Necessary Authorisation or Licence which, in each case, would or is reasonably likely to have a Material Adverse Effect.

16.6 Pari passu ranking

Each Obligor will procure that its payment obligations under the Finance Documents do and will rank at least *pari passu* with all the claims of its other present and future unsecured and unsubordinated creditors (save for those obligations mandatorily preferred by applicable law applying to companies generally).

16.7 Negative pledge

- (a) Each Obligor (other than UPC Broadband Holdco) will not permit any Security Interest (other than the Permitted Security Interests) by any member of the Borrower Group to subsist, arise or be created or extended over all or any part of their respective present or future undertakings, assets, rights or revenues to secure or prefer any present or future indebtedness of any member of the Borrower Group or any other person.
- (b) UPC Broadband Holdco will not create or permit to subsist any Security Interest over its assets which are subject to the Security Documents to which it is a party (other than any Permitted Security Interest referred to in paragraphs (a), (b), (d), (e) or (g) of the definition of "Permitted Security Interest").
- (c) (i) UPC Broadband will procure that none of Belmarken, UPC, UGCE Inc. or any other member of the UGCE Borrower Group (each a **Relevant Company**) will create or permit to subsist any Security Interest (other than an Agreed Security Interest) over all or part of that Relevant Company's present or future undertakings, assets, rights or revenues.

- (ii) For the purposes of sub-paragraph (c)(i) above:

Agreed Security Interest means:

- (A) any liens arising in the ordinary course of business by way of contract which secure indebtedness under any agreement for the supply of goods or services in respect of which payment is not deferred for more than 180 days (or 360 days if such deferral is in accordance with the terms pursuant to which the relevant goods were acquired or services were provided);
- (B) any Security Interest imposed by any taxation or governmental authority in respect of amounts which are being contested in good faith and not yet payable and for which adequate reserves have been set aside in the accounts of the Relevant Company in respect of the same in accordance with GAAP;
- (C) any Security Interest in favour of any bank incurred in relation to any cash management arrangements;
- (D) rights of set-off arising in the ordinary course of business;
- (E) any Security Interest granted by a Relevant Company over its shareholding in any of its Subsidiaries which is not itself a Relevant Company;
- (F) any Security Interest granted by a Relevant Company under any New Security Documents provided that, (other than in the case of the Security Interests referred to in paragraph (a) of the definition of "New Security Documents") at the same time that such Security Interest is granted, the Relevant Company grants an identical Security Interest over the same assets to the Beneficiaries and under the terms of the Intercreditor Agreement, such Security Interest ranks *pari passu* with the Security Interest(s) arising under the corresponding Security Document which purports to create a Security Interest over the same property, assets or rights, provided that any such New Security Document will be in the same form as the corresponding Security Document (save for changes directly attributable to the identity of the parties and the loan amounts);
- (G) any Security Interest granted by a Relevant Party to secure any Third Party Debt permitted under Clause 16.12(d) (Restrictions on Financial Indebtedness); and
- (H) any Security Interest not falling within sub-paragraphs (A) to (G) above securing any indebtedness which, when aggregated with all other indebtedness secured by that

16.8 Permitted Business

- (a) Each Obligor will ensure that it and its Subsidiaries which are members of the Borrower Group (other than any Relevant Eastern European Subsidiary) engage:
- (i) in no material activity outside the Permitted Business; and/or
 - (ii) in the business of acting as the holder of shares and/or interests in other members of the Borrower Group (which shall include the raising of Permitted Financial Indebtedness and the on-lending of such Financial Indebtedness to its Subsidiaries in accordance with the provisions of this Agreement and the entry into of hedging arrangements on behalf of its Subsidiaries).
- (b) The Borrowers will ensure that the US Borrower will engage primarily in the business of a finance company for and in respect of the Borrower Group in connection with the Facilities and the transactions contemplated by this Agreement.

16.9 Compliance with laws

Each Obligor will, and will procure that each of its Subsidiaries which is a member of the Borrower Group will, comply in all material respects with all applicable laws, rules, regulations and orders of any governmental authority, having jurisdiction over it or any of its assets, except where failure to comply with which would not have or be reasonably likely to have a Material Adverse Effect.

16.10 Disposals

- (a) Each Obligor (other than UPC Broadband Holdco) will not and will procure that no other member of the Borrower Group (other than a Relevant Eastern European Subsidiary) will, sell, transfer, lend (subject to Clause 16.14 (Loans and guarantees)) or otherwise dispose of or cease to exercise direct control over (each a **disposal**) any part of its present or future undertaking, assets, rights or revenues whether by one or a series of transactions related or not (other than Permitted Disposals).

- (b) As used herein a **Permitted Disposal** means:
- (i) disposals (including, for the avoidance of doubt, the outsourcing of activities that support or are incidental to the Permitted Business) on arm's length commercial terms in the ordinary course of business;
 - (ii) [intentionally left blank];
 - (iii) the disposal of property or other assets on bona fide arm's length commercial terms in the ordinary course of business in consideration for, or to the extent that the net proceeds of disposal are applied within 120 days after such disposal in the acquisition of, property or other assets of a similar nature and approximately equal value to be used in the Permitted Business;
 - (iv) disposals of assets on bona fide arm's length commercial terms where such assets are obsolete or no longer required for the purposes of the Permitted Business;
 - (v) the application of cash in payments which are not otherwise restricted by the terms of this Agreement and the Security Documents including, for the avoidance of doubt, Permitted Acquisitions and Permitted Payments;
 - (vi) disposals (or the payment of management, consultancy or similar fees):
 - (A) by an Obligor to another Obligor; or
 - (B) from a member of the Borrower Group which is not an Obligor, to any member of the Borrower Group; or
 - (C) from an Obligor to another member of the Borrower Group which is not an Obligor;
 - (vii) disposals of any interest in an Unrestricted Subsidiary;
 - (viii) disposals made in connection with Approved Stock Options;
 - (ix) disposals of assets (in addition to those described in sub-paragraphs (i) to (viii) above), comprising or contributing in aggregate a percentage value (as determined in accordance with Clause 7.6(c) (Prepayment from disposal proceeds)) of five per cent. or less (adjusted in accordance with Clause 7.6(b) (Mandatory prepayment from disposal proceeds)) of the total assets, revenues and EBITDA of the Borrower Group provided that no Default has occurred and is continuing or would occur as a result of such disposal;
 - (x) disposals of undertakings, assets, rights or revenues comprising interests in the share capital of persons not holding or engaged in the Distribution Business of the Borrower Group or other undertakings, assets, rights or revenues not constituting part of the Distribution Business of the Borrower Group (**non-Distribution Business Assets**);
 - (xi) payment, transfer or other disposal of consideration for any Acquisition, merger or consolidation permitted by Clause 16.11 (Acquisitions and mergers);
 - (xii) disposals of cash or cash equivalents constituting any distribution, dividend, transfer, loan or other transaction permitted by Clause 16.13 (Restricted Payments); and
 - (xiii) the grant of indefeasible rights of use or equivalent arrangements with respect to network capacity, communications, fibre capacity or conduit, in each case on arm's length commercial terms or on terms that are fair and reasonable and in the best interests of the Borrower Group; and
 - (xiv) disposal of any interest (whether direct or indirect) held by Polska Holdco in Fox Kids Inc., Telewizja Korporacja Partycypacyjna SA and/or @media S.p.zoo.

For the avoidance of doubt and without limiting the generality of sub-paragraph (x) above, non-Distribution Business Assets shall include:

- (A) undertakings, assets, rights and revenues comprising interests in the share capital of any person engaged solely in the competitive local exchange carrier (CLEC) business, including without limitation, the business of providing traditional voice and data services and services based on Transmission Control Protocol/Internet Protocol (TCP/IP) technology and other undertakings, assets, rights or revenues constituting a part of such businesses; and
 - (B) undertakings, assets, rights and revenues comprising interests in the share capital of any person engaged solely in the business of television and radio programming, including without limitation, the business of creating and distributing special interest television channels, radio programmes, pay per view programmes and near video on demand services and other undertakings, assets, rights or revenues constituting a part of such businesses.
- (c) Except as otherwise expressly permitted in this Agreement or the relevant Security Document, UPC Broadband Holdco will not sell, transfer, lease or otherwise dispose of all or any part of its assets which are subject to a Security Document to which it is a party.

16.11 Acquisitions and mergers

- (a) No Obligor (other than UPC Broadband Holdco) will, and each Obligor (other than UPC Broadband Holdco) will procure that none of its Subsidiaries which is a member of the Borrower Group will, make any Acquisition, other than:
- (i) any Acquisition approved in writing by the Majority Lenders;
 - (ii) any Permitted Acquisition;
 - (iii) any Permitted Joint Venture; or
 - (iv) any Acquisition from any person which is a member of the Borrower Group or subscription of an interest in the share capital (or equivalent) in any person which is a member of the Borrower Group.
- (b) Each Obligor (other than UPC Broadband Holdco) will not merge or consolidate with any other company or person and will procure that no member of the Borrower Group will merge or consolidate with any other company or person (other than, in each case, in connection with the Romania Restructuring) save for:
- (i) Acquisitions permitted by paragraph (a) above and disposals permitted by Clause 16.10 (Disposals); or
 - (ii) with the prior written consent of the Facility Agent (acting on the instructions of the Majority Lenders); or
 - (iii) mergers between any member of the Borrower Group with (I) any or all of the other members of the Borrower Group or (II) an Unrestricted Subsidiary (**Original Entities**), into one or more entities (each a **Merged Entity**) provided that:
 - (A) reasonable details of the proposed merger in order to demonstrate satisfaction with sub-paragraphs (C) to (G) below are provided to the Facility Agent at least 10 days before the merger is to be entered into;
 - (B) if the proposed merger is between a member of the Borrower Group and an Unrestricted Subsidiary, UPC Broadband has delivered to the Facility Agent financial

projections based on assumptions which are no more aggressive than those used in the preparation of the Business Plan which demonstrate that the Borrower Group will be in compliance with the undertakings set out in Clause 17.2 (Financial ratios) for the period commencing on the date of merger and ending on the last Final Repayment Date under this Agreement;

- (C) such Merged Entity will be a member of the Borrower Group and will be liable for the obligations of the relevant Original Entities (including the obligations under this Agreement and the Security Documents), which obligations remain unaffected by the merger, and entitled to the benefit of all rights of such Original Entities;
- (D) (if all or any part of the share capital of any of the relevant Original Entities was charged pursuant to a Security Document) the equivalent part of the issued share capital of such Merged Entity is charged pursuant to a Security Document on terms of at least an equivalent nature and equivalent ranking as any Security Document relating to the shares in each relevant Original Entity;
- (E) such Merged Entity has entered into Security Documents (if applicable) which provide security over the same assets of at least an equivalent nature and ranking to the security provided by the relevant Original Entities pursuant to any Security Documents entered into by them;
- (F) any possibility of the Security Documents referred to in sub-paragraphs (D) or (E) above being challenged or set aside is not materially greater than any such possibility in relation to the Security Documents entered into by, or in respect of the share capital of, any relevant Original Entity; and
- (G) all the property and other assets of the relevant Original Entities are vested in the Merged Entity and the Merged Entity has assumed all the rights and obligations of the relevant Original Entities under any relevant Material Contracts, material Necessary Authorisations and Licences and other licences or registrations (to the extent reasonably necessary for the business of the relevant Original Entities) granted in favour of the Original Entities under Telecommunications and Cable Laws and/or all such rights and obligations have been transferred to the Merged Entity and/or the relevant Material Contracts, Necessary Authorisations and Licences and other licences or registrations (to the extent reasonably necessary for the business of the relevant Original Entities) granted in favour of the Original Entities under Telecommunications and Cable Laws have been reissued to the Merged Entity.

16.12 Restrictions on Financial Indebtedness

- (a) Each Obligor (other than UPC Broadband Holdco) will not, and will procure that no other member of the Borrower Group (other than a Relevant Eastern European Subsidiary) will, create, incur or otherwise permit to be outstanding any Financial Indebtedness (other than Permitted Financial Indebtedness).
- (b) As used herein, **Permitted Financial Indebtedness** means, without duplication:
 - (i) any Financial Indebtedness arising hereunder or under the Security Documents;
 - (ii) any Financial Indebtedness arising under the New Facility Agreement
 - (iii) any Financial Indebtedness or guarantees permitted pursuant to Clause 16.14 (Loans and guarantees);
 - (iv) any Financial Indebtedness incurred through a Subordinated Shareholder Loan made to any member of the Borrower Group;

- (v) any Financial Indebtedness of any member of the Borrower Group arising as a result of the issue by it or a financial institution of a surety or performance bond in relation to the performance by such member of the Borrower Group or its obligations under contracts entered into in the ordinary course of its business (other than for the purpose of raising finance);
- (vi) any Financial Indebtedness approved in writing by the Facility Agent (acting on the instructions of the Majority Lenders);
- (vii) any Financial Indebtedness incurred in connection with the Senior Hedging Agreements and any other hedging arrangements permitted by Clause 16.17 (Hedging);
- (viii) any deposits or prepayments constituting Financial Indebtedness received by any member of the Borrower Group from a customer or subscriber for its services;
- (ix) any Financial Indebtedness owing by any member of the Borrower Group being Management Fees or management, consultancy or similar fees payable to another member of the Borrower Group in respect of which payment has been deferred;
- (x) any Financial Indebtedness being Permitted Payments in respect of which payment has been deferred;
- (xi) any Financial Indebtedness of a company which is acquired by a member of the Borrower Group after the date hereof as an acquisition permitted by Clause 16.11 (Acquisitions and mergers) where such Financial Indebtedness existed at the date of completion of such Permitted Acquisition provided that (A) such Financial Indebtedness was not incurred in contemplation of the acquisition, (B) the amount of such Financial Indebtedness is not increased beyond the amount in existence at the date of completion of the acquisition and (C) such Financial Indebtedness is discharged within six months of the date of completion of the acquisition;
- (xii) any Financial Indebtedness of any member of the Borrower Group, in respect of which the person or persons to whom such Financial Indebtedness is or may be owed has or have no recourse whatever to any member of the Borrower Group for any payment or repayment in respect thereof other than recourse to such member of the Borrower Group for the purpose only of enabling amounts to be claimed in respect of such Financial Indebtedness in an enforcement of any Security Interest given by any member of the Borrower Group over non-Distribution Business Assets, provided that:
 - (A) the extent of such recourse to such member is limited solely to the amount of any recoveries made on any such enforcement;
 - (B) such person or persons are not entitled, pursuant to the terms of any agreement evidencing any right or claim arising out of or in connection with such Financial Indebtedness, to commence proceedings for the winding up, dissolution or administration of any member of the Borrower Group (or proceedings having an equivalent effect) or to appoint or procure the appointment of any receiver, trustee or similar person or officer in respect of any member of the Borrower Group or any of its assets (save only for the non-Distribution Business Assets the subject of that Security Interest) until after the Commitments have been reduced to zero and all amounts outstanding under the Finance Documents have been repaid or paid in full; and
 - (C) the aggregate outstanding amount of all such Financial Indebtedness of all members of the Borrower Group does not exceed €100,000,000 (or its equivalent in other currencies);

- (xiii) any Financial Indebtedness of any member of the Borrower Group (other than any Obligor) constituting Financial Indebtedness to all the holders (or their Associated Companies) of the share capital of any such member of the Borrower Group on a basis that is substantially proportionate to their interests in such share capital (with any disproportionately large interest received by any member of the Borrower Group or any disproportionately small interest received by any person other than a member of the Borrower Group, in each case relative to its interests in such share capital, being ignored for this purpose), provided such Financial Indebtedness does not bear interest (other than by way of addition to its principal amount on a proportionate basis as described above) and is made on terms that repayment or pre-payment of such Financial Indebtedness shall only be made to each such holder (A) in proportion to their respective interests in such share capital (ignoring any disproportionately large interest held by any member of the Borrower Group or any disproportionately small interest received by any person other than a member of the Borrower Group, in each case relative to its interests in such share capital, for this purpose) and (B) only on and in connection with the liquidation or winding up (or equivalent) of such member of the Borrower Group; and
 - (xiv) any Financial Indebtedness arising under the Permitted Borrower Group Revolving Credit Facility or the Permitted Borrower Group Guarantee Facilities; and
 - (xv) any other Financial Indebtedness in addition to the Financial Indebtedness falling within paragraphs (i) to (xiv) above not exceeding at any time more than €25,000,000 in aggregate (or its equivalent) provided that such Financial Indebtedness is not indebtedness incurred in respect of Acquisitions.
- (c) No Obligor will, and each Obligor will procure that none of its Subsidiaries which is a member of the Borrower Group will, incur or have outstanding any Financial Indebtedness due to or for the benefit of UPC or any Subsidiary of UPC (not being a member of the Borrower Group), other than Subordinated Shareholder Loans and any Permitted Financial Indebtedness referred to in Clause 16.12(b)(vi), (viii), (ix), (x) or (xii).
- (d) (i) Subject to sub-paragraph (ii) below, UPC Broadband will ensure that no member of the UGCE Borrower Group will incur any Third Party Debt (other than any Third Party Debt subsisting prior to 28th September, 2002) unless:
- (A) UPC Broadband prepays or procures the prepayment of the Facilities in accordance with Clause 7.6A (Mandatory prepayment from the Third Party Debt proceeds); and
 - (B) such Third Party Debt will not become due and payable until after the 31 December 2011.
- (ii) Sub-paragraph (d)(i) above shall not apply if:
- (A) the most recently delivered financial statements provided to the Facility Agent under Clause 16.2(b) (Financial information) show that, for the two most recent Ratio Periods, the applicable ratio for the purposes of Clause 17.2(a) (Financial ratios) is 3.5:1 or less; or
 - (B) the principal amount of such Third Party Debt, when aggregated with (I) any other Third Party Debt incurred by that member of the UGCE Borrower Group after 28th September, 2002, and (II) any Third Party Debt incurred by any other member of the UGCE Borrower Group after 28th September, 2002, is equal to or less than €15,000,000.

16.13 Restricted Payments

- (a) Except for any payment or transfer of consideration for the transfer of shares or receivables to a member of the Borrower Group pursuant to the Restructuring, each Obligor (other than UPC Broadband Holdco) will not, and will procure that no member of the Borrower Group will, make any Restricted Payments other than Permitted Payments or enter into any transaction with a Restricted Person other than on bona fide arm's length commercial terms or on terms which are fair and reasonable and in the best interests of the Borrower Group.
- (b) As used herein, a **Restricted Payment** means, in each case whether in cash, securities, property or otherwise:
- (i) any direct or indirect distribution, dividend or other payment on account of any class of its share capital or capital stock or other securities;
 - (ii) any payment of principal of, or interest on, any loan; or
 - (iii) any transfer of assets, loan or other payment,
- in the case of each of (i), (ii) and (iii), to a Restricted Person.
- (c) As used herein, a **Permitted Payment** means any distribution, dividend, transfer of assets, loan or other payment:
- (i) to any Restricted Person in relation to transactions carried out on bona fide arm's length commercial terms in the ordinary course of business or on terms which are fair and reasonable and in the best interests of the Borrower Group (including, but not limited to, such transactions under Clause 16.21 (Priority));
 - (ii) by way of payment of Management Fees (A) which are paid on bona fide arm's length terms in the ordinary course of business to a Restricted Person or (B) of up to €15,000,000 in any financial year provided that, at the time of payment, no Default is subsisting or would occur as a result of such payment;
 - (iii) by way of payment of interest on Subordinated Shareholder Loans, provided that:
 - (A) such interest is applied ultimately in payment of (1) all or any interest due in respect of Serviceable Subordinated Debt where all or part of the proceeds of the corresponding Subordinated Shareholder Loans have been applied in mandatory permanent prepayment of the Facilities or the New Facility D; (2) all or any interest due in respect of the UGC Convertible (provided that €450 million or more (being proceeds from the UGC Convertible or otherwise) has been applied in permanent prepayment and cancellation of Facility B since 15th June, 2004 in accordance with this Agreement); or (3) only the interest due in respect of that part of the outstanding principal amount of any Serviceable Subordinated Debt which corresponds to the amount of the proceeds of the corresponding Subordinated Shareholder Loans which have been applied in permanent prepayment and cancellation (other than a mandatory prepayment) of the Facilities or the New Facility D; or
 - (B) the then applicable ratio for the purposes of Clause 17.2(a) (Financial ratios) is 3.5:1 (or less),and in each case no Default has occurred and is continuing or would occur as a result of such payment;
 - (iv) by way of distributions, dividends or other payments paid by UPC Broadband in respect of its share capital or by way of repayment or payment by UPC Broadband or the relevant member of the Borrower Group (as the case may be) in respect of a Subordinated Shareholder Loan

(each a **Relevant Payment**) but only to the extent that UPC Broadband or the relevant member of the Borrower Group (as the case may be) has either (A) received a corresponding distribution, dividend or other payment from an Unrestricted Subsidiary or any other person in which UPC Broadband has any interest that is not a member of the Borrower Group of at least an equal amount to such Relevant Payment; or (B) the Relevant Payment is made from the proceeds of sale or a disposal by UPC Broadband or the relevant member of the Borrower Group (as the case may be) permitted by Clause 16.10(b)(vii) (Disposals);

- (v) by way of payment to any person or for any purpose to the extent that any such payment would be permitted to be made to UGCE Inc. or the relevant Subordinated Creditor pursuant to sub-paragraph (iii) above and provided that any such payment shall automatically reduce the liability to UGCE Inc. or the relevant Subordinated Creditor under the relevant obligation referred to in sub-paragraph (iii) above to the extent of the amount paid;
- (vi) by way of the repayment of any Subordinated Shareholder Loan made, or the redemption of equity share capital in a member of the Borrower Group subscribed for, to finance a Permitted Acquisition or a Permitted Joint Venture, provided that no Default has occurred and is continuing or would occur as a result of such payment;
- (vii) by way of payment to any Restricted Person of consideration for an acquisition, merger or consolidation permitted by Clause 16.11 (Acquisitions and mergers); and
- (viii) by way of transfer to any Restricted Person of any non-Distribution Business Assets (as defined in Clause 16.10(b)(x) (Disposals)) permitted in accordance with Clause 16.10(b)(x) (Disposals); and
- (ix) by way of repayment of a principal amount of no more than €26,000,000 of the Subordinated Shareholder Loan between UPC Holding as lender and UPC Broadband as borrower where such repayment is made in consideration for the transfer by UPC Broadband to UPC Holding of the receivable owed to it by Priority Telecom Netherlands N.V. and/or its Subsidiaries as at the date of the Amendment Deed,

and provided further that, in the case of (iii), (v) and (vi), prior to making the relevant payment the Borrower Group is in compliance with the financial covenants set out in Clause 17.2 (Financial ratios) and would be in compliance with such covenants if Total Cash Interest had been increased by the amount of the proposed Permitted Payment and all other Permitted Payments made since the date to which the most recent financial statements delivered under Clause 16.2(a) or (b) (Financial information) were prepared.

- (d) The restriction contained in paragraph (a) on the payment by any member of the Borrower Group of Management Fees shall cease to apply during such period as the applicable ratio for the purposes of Clause 17.2(a) (Financial ratios) is 3.50:1 (or less), provided that no Management Fees may be paid by any member of the Borrower Group at any time after a Relevant Event has occurred or if a Relevant Event would result from such payment.

16.14 Loans and guarantees

Each Obligor (other than UPC Broadband Holdco) will not, and will procure that no member of the Borrower Group will make any loans, grant any credit or give any guarantee, to or for the benefit of, or enter into any transaction having the effect of lending money to, any person,

other than:

- (a) loans from a member of the Borrower Group to another member of the Borrower Group, provided that no Obligor shall make a loan to any other member of the Borrower Group unless:
 - (i) such Obligor has first entered into an Obligor Pledge of Shareholder Loans which creates an effective pledge in favour of the Security Agent in relation to such loan and provided the Security Agent with such evidence as it may reasonably request as the power and authority of such Obligor to enter into such Obligor Pledge of Shareholder Loans and that such Obligor Pledge of Shareholder Loans constitutes valid and legally binding obligations of such Obligor enforceable in accordance with its terms subject (to the extent possible) to substantially similar qualifications to those made in the legal opinions referred to in Schedule 2 (Conditions Precedent Documents); and
 - (ii) the relevant member of the Borrower Group to whom the shareholder loan is to be made has given a notification of pledge to the Security Agent in respect of such shareholder loans;
- (b) as permitted by Clause 16.12 (Restrictions on Financial Indebtedness);
- (c) normal trade credit in the ordinary course of business;
- (d) guarantees given:
 - (i) by any Obligor in respect of the liabilities of another Obligor;
 - (ii) by a member of the Borrower Group in respect of the liabilities of an Obligor; or
 - (iii) by a member of the Borrower Group (which is not an Obligor) in respect of the liabilities of another member of the Borrower Group (which is not an Obligor); or
 - (iv) by an Obligor in respect of the liabilities of any other member of the Borrower Group to the extent that such liabilities could have been incurred by such Obligor directly without breaching this Agreement; or
- (e) to the extent that the same constitute Permitted Payments or a Permitted Disposal (not being a Permitted Disposal of cash or cash equivalents);
- (f) loans, the granting of credit, guarantees and other transactions having the effect of lending money (each a **Lending Transaction**) from a member of the Borrower Group, in connection with an acquisition by that member which is permitted by Clause 16.11 (Acquisitions and mergers), to the relevant person being acquired or one or more of its Subsidiaries, provided that:
 - (i) no Lending Transaction may have a term longer than 12 months (including any extensions or refinancings of the original Lending Transaction); and
 - (ii) the aggregate outstanding principal amount of all Lending Transactions (which principal amount shall be deemed to be no longer outstanding for this purpose at the time the beneficiary of the relevant Lending Transaction becomes a member of the Borrower Group upon completion of the relevant acquisition, provided such Lending Transaction was made to or in favour of the person acquired or its Subsidiaries) shall not exceed €100,000,000 at any time; and
- (g) Lending Transactions from a member of the Borrower Group to any person of the proceeds of equity subscribed by any Restricted Person in, or Subordinated Shareholder Loans provided to, such member (other than any such proceeds which are otherwise applied in mandatory

prepayment of any or all of the Facilities under this Agreement or the New Facility Agreement or pursuant to Clause 17.4 (Core provisions) or otherwise).

16.15 Environmental matters

Each Obligor (other than UPC Broadband Holdco) will and will procure that each of its Subsidiaries which is a member of the Borrower Group will:

- (a) (i) obtain all requisite Environmental Licences, (ii) comply with the terms and conditions of all Environmental Licences applicable to it and (iii) comply with all other applicable Environmental Law, in each case where failure to do so would or is reasonably likely to have a Material Adverse Effect;
- (b) promptly upon receipt of the same, notify the Facility Agent and the Security Agent of any claim, notice or other communication served on it in respect of any alleged breach of, or corrective or remedial obligation or liability under, any Environmental Law which, if substantiated, would or is reasonably likely to have a Material Adverse Effect.

16.16 Insurance

Each Obligor (other than UPC Broadband Holdco) will, and will procure that each of its Material Subsidiaries which is a member of the Borrower Group will, maintain insurance cover of a type and level which a prudent company in the same business would effect.

16.17 Hedging

- (a) Each Obligor (other than UPC Broadband Holdco) will not, and will procure that no member of the Borrower Group will, enter into any interest rate or currency swaps, other interest rate or currency derivative transactions or other hedging arrangements other than:
 - (i) transactions and arrangements entered into with a High Yield Hedging Bank or a Senior Hedging Bank directly relating to the management of interest rate and/or currency exchange rate risk arising out of any Financial Indebtedness of any member of the Borrower Group permitted to subsist by the terms of this Agreement (or transactions and arrangements relating to interest rate or currency swaps, other interest rate or currency derivative transactions or other hedging arrangements that themselves relate to the management of interest rate and/or currency exchange rate risk arising out of any Financial Indebtedness of any member of the Borrower Group permitted to subsist by the terms of this Agreement), in each case excluding any such transactions or arrangements that directly or indirectly relate to Subordinated Shareholder Loans;
 - (ii) transactions and arrangements entered into by any Obligor with a Senior Hedging Bank directly relating to the management of currency exchange risk arising out of income denominated in a currency other than euro (each such transaction or arrangement, a **Cash Flow Hedging Agreement**); and
 - (iii) to the extent they constitute interest rate or currency swaps or other hedging arrangements, the guarantees granted by each of the Guarantors pursuant to Clause 14 (Guarantee) or clause 14 (Guarantee) of the New Facility Agreement or (as applicable) in respect of any High Yield Hedging Agreements or Senior Hedging Agreements.
- (b) UPC Broadband will procure that any member of the Borrower Group that enters into a Senior Hedging Agreement and any member of the UGCE Borrower Group that enters into a High Yield Hedging Agreement accedes to the Security Deed and the Intercreditor Agreement as a Charging Entity by delivering to the Security Agent a Security Provider's Deed of Accession duly executed by that company.

16.18 Intellectual Property Rights

Except as otherwise permitted by this Agreement, each Obligor (other than UPC Broadband Holdco) will, and will procure that each of its Subsidiaries which is a member of the Borrower Group will:

- (a) make such registrations and pay such fees and similar amounts as are necessary to keep those registered Intellectual Property Rights owned by any member of the Borrower Group and which are material to the conduct of the business of the Borrower Group as a whole from time to time;
- (b) take such steps as are necessary and commercially reasonable (including, without limitation, the institution of legal proceedings) to prevent third parties infringing those Intellectual Property Rights referred to in paragraph (a) above and (without prejudice to paragraph (a) above) take such other steps as are reasonably practicable to maintain and preserve its interests in those rights, except where failure to do so will not have or be reasonably likely to have a Material Adverse Effect;
- (c) ensure that any licence arrangements in respect of the Intellectual Property Rights referred to in paragraph (a) above entered into with any third party are entered into on arm's length terms and in the ordinary course of business (which shall include, for the avoidance of doubt, any such licensing arrangements entered into in connection with outsourcing on normal commercial terms) and will not have or be reasonably likely to have a Material Adverse Effect;
- (d) not permit any registration of any of the Intellectual Property Rights referred to in paragraph (a) above to be abandoned, cancelled or lapsed or to be liable to any claim of abandonment for non-use or otherwise to the extent the same would or is reasonably likely to have a Material Adverse Effect; and
- (e) pay all fees, and comply with each of its material obligations under, any licence of Intellectual Property Rights which are material to the conduct of the business of the Borrower Group as a whole from time to time.

16.19 Share capital

Each Obligor (other than UPC Broadband Holdco) will not, and will procure that no member of the Borrower Group (other than in respect of such other members of the Borrower Group in order to permit a solvent reorganisation permitted under Clause 16.11(b)(iii) (Acquisitions and mergers)) will, reduce its capital or purchase or redeem any class of its shares or any other ownership interest in it, except to the extent the same constitutes a Permitted Payment or in the case of members of the Borrower Group other than the Obligors, is otherwise permitted by Clause 16.13 (Restricted Payments) or is in connection with the Romania Restructuring.

16.20 Inter-connection and chello

Each Obligor (other than UPC Broadband Holdco) will ensure that each member of the Borrower Group which is not a Relevant Eastern European Subsidiary:

- (a) which offers residential telephony services in any country, maintains inter-connection arrangements with one or more major fixed line telephony operators in that country; and
- (b) which offers internet and/or data services is provided with such services by UPC Broadband N.V. or by another provider on arm's length commercial terms.

16.21 Priority

For as long as Priority Telecom N.V. is a Restricted Person, each Obligor (other than UPC Broadband Holdco) will not and will not permit any contractual arrangements between and Priority Telecom N.V. and the Borrower Group to be entered into other than on bona fide arm's length commercial terms or on terms that are fair and reasonable and in the best interests of the Borrower Group.

16.22 [Intentionally left blank]

16.23 UPC Broadband Pledged Account

- (a) Subject to receipt of all necessary legal, regulatory, shareholder and partner approvals (all of which each Obligor will, and will ensure that each of its Subsidiaries will, use all reasonable efforts to obtain as soon as practicable), each Obligor (other than UPC Broadband Holdco) shall ensure that it and each of its Subsidiaries which is a member of the Borrower Group, promptly following the last day of each calendar quarter of UPC Broadband ending after 30th June, 2004 transfers an amount equal to its Excess Cash on that date to the UPC Broadband Pledged Account.
- (b) For the purposes of this Clause 16.23:
 - (i) **Excess Cash** means, in relation to any member of the Borrower Group at any time, the aggregate cash in hand and at bank (less withdrawals and other transfers of cash that have not cleared at bank) of that member at that time in excess of €5,000,000 (or its equivalent in other currencies); and
 - (ii) the **UPC Broadband Pledged Account** means one or more accounts in the name of UPC Broadband or any other member of the Borrower Group, held with a branch of a bank or financial institution, which has been pledged to the Beneficiaries pursuant to a Security Document in the agreed form and in respect of which account(s) all notices required by that Security Document have been served upon the relevant bank or financial institution in the manner required by that Security Document and the relevant account bank(s) have waived any lien, right of set-off or other Security Interest, other than in respect of routine account keeping charges and set offs between UPC Broadband Pledged Accounts.
- (c) UPC Broadband may withdraw amounts standing to the credit of the UPC Broadband Pledged Account at any time provided that:
 - (i) any such withdrawn amount is to be applied to meet expenditure arising in the course of the Business of the Borrower Group as carried on in accordance with this Agreement or for any other purpose permitted under this Agreement; and
 - (ii) no Event of Default has occurred which is continuing.

16.24 Share security

Each Obligor (other than UPC Broadband Holdco) will not, and will procure that no member of the Borrower Group will, issue any shares of any class provided that:

- (a) notwithstanding paragraph (b), an Obligor (other than UPC Broadband, UPC Holding II or UPC Broadband Holdco) may issue shares to any person other than a member of the Borrower Group and shall not be required to procure that such shares are charged or pledged in favour of the Beneficiaries, provided that such share issue does not result in a Change of Control;
- (b) any member of the Borrower Group may issue shares to or otherwise acquire additional rights from any other member of the Borrower Group so long as (if any of the existing shares in the relevant member of the Borrower Group are charged or pledged in favour of any Beneficiary)

such shares are charged or pledged in favour of the Beneficiaries pursuant to the terms of a Security Document and there are delivered at the same time to the Security Agent the relevant share certificates and blank stock transfer forms (or equivalent documents) in respect thereof together with such other documents and evidence and legal opinions as the Security Agent may reasonably require;

- (c) UPC Broadband and UPC Holding II may issue shares to UPC Broadband Holdco provided that such shares are charged or pledged in favour of the Beneficiaries pursuant to the terms of a Security Document and there are delivered at the same time to the Security Agent the relevant share certificates and blank stock transfer forms (or equivalent documents) in respect thereof together with such other documents and evidence and legal opinions as the Security Agent may reasonably require;
- (d) any member of the Borrower Group may issue shares pursuant to the exercise of Approved Stock Options;
- (e) a member of the Borrower Group may issue shares as part of an Acquisition or merger or consolidation permitted by Clause 16.11 (Acquisitions and mergers), provided that the issue of such shares does not cause a Change of Control;
- (f) a member of the Borrower Group (other than an Obligor) may issue shares to all the holders of the share capital of such member pro rata to their interests in such share capital provided that, if any existing shares in that member of the Borrower Group are charged or pledged in favour of any Beneficiary under any Security Document, upon issue the shares that are issued to any other member of the Borrower Group or any Shareholder are charged or pledged in favour of the Beneficiaries as provided in paragraph (b) above; and
- (g) any member of the Borrower Group (other than UPC Broadband or UPC Holding II) may issue shares to any person pursuant to any agreement or other legally binding arrangement existing, and disclosed to the Lead Arrangers in writing, on or before the Signing Date, provided that such share issue does not result in a Change of Control.

16.25 Shareholder Loans

- (a) Each Obligor will procure that prior to any Restricted Person making any Financial Indebtedness (other than Permitted Payments) available to any member of the Borrower Group, such Restricted Person shall enter into a Pledge of Subordinated Shareholder Loans on terms and conditions satisfactory to the Facility Agent and a Security Provider's Deed of Accession and provides (i) the Facility Agent with such documents and evidence as it may reasonably require as to the power and authority of the Restricted Person to enter into such Pledge of Subordinated Shareholder Loans and Security Provider's Deed of Accession and that the same constitute valid and legally binding obligations of such Restricted Person enforceable in accordance with their terms subject (to the extent applicable) to substantially similar qualifications to those made in the legal opinions referred to in Schedule 2 (Conditions Precedent Documents); and (ii) notification of such pledge to the relevant member of the Borrower Group.
- (b) Each Obligor shall ensure that each Subordinated Shareholder Loan and each shareholder loan entered into between an Obligor which is a party to an Obligor Pledge of Shareholder Loans as a creditor and a member of the Borrower Group is governed by the law of The Netherlands.

16.26 Further security over receivables

UPC Broadband shall:

- (a) on each date on which it is required to deliver the financial statements referred to in Clause 16.2(b) (Financial information) in respect of its second and fourth financial quarters in

each financial year, notify the Facility Agent of the details of any contracts, agreements or other arrangements entered into by any member of the Borrower Group with Priority Telecom N.V. at any time under which receivables owing to such member of the Borrower Group aggregating €10,000,000 (or its equivalent in other currencies) or more are outstanding on such date, together with details of such receivables; and

- (b) if the Facility Agent (acting on the instructions of the Majority Lenders) requires, promptly grant, or procure the grant by the relevant member of the Borrower Group of (in each case subject to receipt of all necessary legal, regulatory, shareholder and partner approvals, other than approvals from Priority Telecom N.V. all of which UPC Broadband will and will ensure that each member of the Borrower Group will use all reasonable efforts to obtain as soon as possible) (i) a pledge in favour of the Beneficiaries over the receivables referred to in (a) above in substantially the same form as a receivables pledge already granted to the Security Agent by a member of the Borrower Group in respect of receivables located in, or governed by the laws of, or (as the case may be) owed by or to a person incorporated in, the same jurisdiction as the relevant receivables or (as the case may be) relevant person by or to whom such receivables are owed or in such other form as the Security Agent may reasonably request and (ii) a Security Provider's Deed of Accession and shall provide the Security Agent with such evidence as it may reasonably request as to the power and authority of such member of the Borrower Group to enter into such pledge of receivables and Security Provider's Deed of Accession and that the same constitute valid and legally binding obligations of such member enforceable in accordance with their terms subject (to the extent possible) to substantially similar qualifications to those made in the legal opinions referred to in Schedule 2 (Conditions Precedent Documents), together with all such notices and other documents as the Security Agent may reasonably require to perfect the receivables pledge.

16.27 Financial year end

Each Obligor (other than UPC Broadband Holdco) will, and will procure that its Subsidiaries which are members of the Borrower Group will, maintain a financial year end of 31st December, save with the prior written consent of the Facility Agent (acting on the instructions of the Majority Lenders in each case not to be unreasonably withheld).

16.28 Capital expenditure

Each Obligor (other than UPC Broadband Holdco) will not, and will procure that no member of the Borrower Group will, incur any material Capital Expenditure other than in relation to the Permitted Business.

16.29 Constitutive documents

Each Obligor will not, and will procure that no member of the Borrower Group will, amend its constitutive documents in any way which would or is reasonably likely to materially adversely affect (in terms of value, enforceability or otherwise) any charge or pledge over the shares or partnership interest of any member of the Borrower Group granted to the Beneficiaries pursuant to the Security Documents.

16.30 ERISA

Each Obligor (other than UPC Broadband Holdco) will, and will procure that its Subsidiaries which are members of the Borrower Group will, give the Facility Agent prompt notice of the adoption of, participation in or contribution to any Plan by it or any ERISA Affiliate, or any action by any of these to adopt, participate in or contribute to any Plan, or the incurrence by any of them of any liability or obligation to any Plan.

16.31 US Borrower

- (a) Each Borrower will ensure that the proceeds of any loan made to the US Borrower by UPC Broadband or UPC Holding II and the proceeds of any drawing made by the US Borrower under Facility C shall be invested by way of intercompany loan or equity subscription in one or more other members of the Borrower Group within five Business Days of receipt of such proceeds or, as the case may be, the relevant Utilisation Date.
- (b) Each Obligor (other than UPC Broadband Holdco) will ensure that, in accordance with the terms of any pledge of intercompany loans made by the US Borrower, any intercompany loan made by the US Borrower to any Obligor or any Subsidiary of an Obligor which is a member of the Borrower Group is made on bona fide arm's length commercial terms or on terms which are fair and reasonable and in the best interests of the US Borrower and entered into in good faith.

17. FINANCIAL COVENANTS

17.1 Financial definitions

In this Clause 17:

Annualised EBITDA means:

- (a) for the purposes of the definition of Permitted Acquisition in respect of any person, in respect of any six month period, two times EBITDA of that person for that period; and
- (b) for all other purposes, in respect of any Ratio Period, two times EBITDA of the Borrower Group for that Ratio Period.

EBITDA means, in respect of any period or person, the Net Income of that person (plus, in the case of the Borrower Group, any amount attributable to non-cash compensation payable to employees or directors of members of the Borrower Group deducted in calculating Net Income, any depreciation, amortisation, other non-cash charges (such as deferred Taxes), accrued Management Fees (whether or not paid), fees accrued (whether or not paid) in respect of Financial Indebtedness and interest expense and other charges in respect of Financial Indebtedness) for such period adjusted as follows:

- (a) minus extraordinary income of the relevant person for such period;

- (b) plus any extraordinary expenses (including one off restructuring costs) of the relevant person for such period;
- (c) minus any interest income of the relevant person for such period; and
- (d) in the case of the Borrower Group, minus any Management Fees paid during such period,

to the extent attributed to the Distribution Business of the Borrower Group and all as determined in accordance with GAAP and (in the case of the Borrower Group) as shown in the relevant financial statements prepared and delivered to the Facility Agent pursuant to Clause 16.2(a) or (b) (Financial information) (as the case may be).

Interest means:

- (a) interest and amounts in the nature of interest (including, without limitation, the interest element of finance leases) accrued;
- (b) discount fees and acceptance fees payable or deducted in respect of any Financial Indebtedness (including all commissions payable in connection with any letter of credit); and
- (c) any net payment (or, if appropriate in the context, receipt) under any interest rate hedging agreement or instrument (including without limitation under the Senior Hedging Agreements and (as applicable) High Yield Hedging Agreements), taking into account any premiums payable.

Net Income means, in respect of any period and for any period, the net profit after Taxes and (in the case of the Borrower Group only) Management Fees, in the case of the Borrower Group to the extent attributed to the Distribution Business of the Borrower Group for such period as determined in accordance with GAAP and (in the case of the Borrower Group) as shown in the financial statements in respect of such period prepared and delivered to the Facility Agent pursuant to Clause 16.2(a) or (b) (Financial information).

Ratio Period means each period of approximately 6 months covering two quarterly Accounting Periods of the Borrower Group ending on each date to which each set of financial statements required to be delivered under Clause 16.2(a) or (b) (Financial information) are prepared.

Senior Debt means at any time, the consolidated Financial Indebtedness of the Borrower Group, excluding:

- (a) any Financial Indebtedness which is a contingent obligation of a member of the Borrower Group; and
- (b) any Subordinated Shareholder Loans and any Financial Indebtedness referred to in Clause 16.12(b)(viii), (xi), (xii) and (xiii) (Restrictions on Financial Indebtedness).

Senior Debt Service means, for any Ratio Period, the sum of:

- (a) all scheduled repayments (including scheduled reductions of revolving credits to the extent they are drawn) of Senior Debt which fell due during such Ratio Period excluding any scheduled repayments of facilities under this Agreement or the New Facility Agreement that are funded by drawings of New Facility D or an Additional Facility in accordance with the terms of the New Facility Agreement; and
- (b) Total Cash Interest for that Ratio Period.

Senior Interest means, in respect of any period, the amount of Total Cash Interest accrued in respect of Senior Debt during that period.

Total Cash Interest means, in respect of any period, the total amount of all Interest accrued in respect of Senior Debt and Subordinated Shareholder Loans during such period and payable in cash (either during such period or after such period) (having taken into account the effect of any Senior Hedging Agreements), except in each case, to the extent that such payments (other than payments in respect of Senior Debt) are funded by distributions made by Unrestricted Subsidiaries to UPC Broadband or any other member of the Borrower Group and excluding, for the avoidance of doubt, capitalisation of Interest accrued in respect of Subordinated Shareholder Loans.

Total Debt means, at any time, the aggregate amount of:

- (a) Senior Debt; and
- (b) Financial Indebtedness of each other member of the UGCE Borrower Group, but excluding any Financial Indebtedness (i) owing between members of the UGCE Borrower Group and (ii) owing between a member of the UGCE Borrower Group and a member of the Wider Group (other than a member of the UGCE Borrower Group).

17.2 Financial ratios

UPC Broadband will procure that:

- (a) the ratio of Senior Debt to Annualised EBITDA for each Ratio Period which ends on a date or in a period specified in column 1 below shall not exceed the ratio specified in column 2 below opposite such date or period:

Test Dates	Ratio
30th September, 2003	7.75:1
31st December, 2003	6.75:1
31st March, 2004	6.75:1
30th June, 2004	5.90:1
30th September, 2004	5.40:1
31st December, 2004	4.90:1
31st March, 2005	4.80:1
30th June, 2005	4.60:1
30th September, 2005	4.40:1
31st December, 2005	4.10:1
Thereafter	4.00:1

- (b) the ratio of EBITDA to Total Cash Interest for each Ratio Period which ends on a date or in a period specified in column 1 below shall not be less than the ratio specified in column 2 below opposite such date and period:

Test Dates	Ratio
30th September, 2003	2.25:1
31st December, 2003	2.25:1
31st March, 2004	2.00:1
30th June, 2004	2.25:1
30th September, 2004	2.50:1
31st December, 2004	2.50:1
31st March, 2005	2.50:1
30th June, 2005	2.50:1
30th September, 2005	2.75:1
31st December, 2005	2.75:1
31st March, 2006	2.75:1
30th June, 2006	2.75:1
Thereafter	3.00:1

- (c) the ratio of EBITDA to Senior Debt Service for each Ratio Period which ends on a date or in a period specified in column 1 below shall not be less than the ratio specified in column 2 below opposite such date or period:

Test Dates	Ratio
31st December, 2003	1.00:1
31st March, 2004	1.00:1
30th June, 2004	1.50:1
30th September, 2004	1.50:1
31st December, 2004	1.50:1
31st March, 2005	2.25:1
30th June, 2005	2.25:1
30th September, 2005	2.25:1
31st December, 2005	2.25:1
31st March, 2006	2.25:1
30th June, 2006	1.00:1
30th September, 2006	1.00:1
31st December, 2006	1.00:1
31st March, 2007	1.00:1
Thereafter	1.00:1

- (d) the ratio of EBITDA to Senior Interest for each Ratio Period which ends on a date or in a period specified in column 1 below shall not be less than the ratio specified in column 2 below opposite such date or period:

Test Dates	Ratio
30th September, 2003	2.25:1
31st December, 2003	2.25:1
31st March, 2004	2.10:1
30th June, 2004	2.10:1
30th September, 2004	2.50:1
31st December, 2004	2.65:1
31st March, 2005	2.80:1
30th June, 2005	2.85:1
30th September, 2005	3.05:1
31st December, 2005	3.15:1
Thereafter	3.40:1; and

- (e) the ratio of Total Debt to Annualised EBITDA for each Ratio Period shall not exceed 5.75:1.

17.3 Calculations

For the purposes of Clause 17.2 (Financial ratios), Senior Debt for any Ratio Period will be calculated on the basis of Senior Debt outstanding on the last day of that Ratio Period.

17.4 Cure provisions

- (a) UPC Broadband may cure a breach of the financial ratios set out in Clause 17.2(a), (b), (c), (d) and (e) (Financial ratios) by procuring that additional equity is injected into the Borrower Group by one or more Restricted Persons and/or additional Subordinated Shareholder Loans are provided to the Borrower Group in an aggregate amount equal to:
- (i) in the case of a breach of Clause 17.2(a) or (e) (Financial ratios), the amount which, if it had been deducted from Senior Debt or Total Debt (as applicable) for the Ratio Period in respect of which the breach arose, would have avoided the breach; or
 - (ii) in the case of a breach of Clause 17.2(b), (c) or (d) (Financial ratios), the amount which, if it had been added to EBITDA for the Ratio Period in respect of which the breach arose, would have avoided the breach; or
 - (iii) in the case of a breach of more than one paragraph of Clause 17.2 (Financial ratios), the higher of the relevant amount referred to in (i) or (ii) above.
- (b) A cure under paragraph (a) above will not be effective unless:
- (i) the required amount of additional equity or the proceeds of Subordinated Shareholder Loans is received by the Borrower Group before delivery of the financial statements delivered under Clause 16.2(a) or (b) (Financial information) which show that Clause 17.2 (Financial ratios) has been breached; and
 - (ii) in the case of a cure of Clause 17.2(a) or (e) (Financial ratios), the proceeds of the relevant additional equity or Subordinated Shareholder Loans are applied in full in or towards repayment or prepayment of Facility A Advances in accordance with Clause 7 (Cancellation and Prepayment) and, to the extent of any surplus after such repayment or prepayment, for the purposes of the Permitted Business.

- (c) No cure may be made under this Clause 17.4:
 - (i) in respect of more than five Ratio Periods during the life of the Facilities; or
 - (ii) in respect of consecutive Ratio Periods.
- (d) Where a cure is exercised under this Clause 17.4 in respect of a breach of Clause 17.2(b), (c) or (d) (Financial ratios) and the next Ratio Period ends approximately three months after the Ratio Period in respect of which the cure was made, EBITDA in respect of that next Ratio Period will be deemed, for the purposes of Clause 17.2(b), (c) and (d) (Financial ratios), to be increased by the amount determined under sub-paragraph (a)(ii) above in respect of the relevant cure. This deemed increase will not be treated as a separate cure.

17.5 Determinations

- (a) Any amount outstanding in a currency other than euros is to be taken into account at its euro equivalent calculated at the rate used in the latest accounts delivered to the Facility Agent.
- (b) All the terms used above are to be calculated in accordance with the GAAP on which the preparation of the Original Borrower Group Financial Statements was based.
- (c) If there is a dispute as to any interpretation of or computation for Clause 17.1 (Financial definitions), the interpretation or computation of the auditors of UPC Broadband shall prevail.
- (d) If UPC Broadband is obliged or chooses to prepare its financial statements on a different basis from the basis used in the preparation of the Original Borrower Group Financial Statements, such financial statements shall be accompanied by a statement (providing reasonable detail) from UPC Broadband either:
 - (i) confirming that the change(s) would have no effect on the operation of the ratios set out in Clause 17.2 (Financial ratios); or
 - (ii) unless otherwise agreed in writing by the Facility Agent (acting upon the instructions of the Majority Lenders), if the change(s) would have such an effect, containing a reconciliation demonstrating the effect of the change(s) (and, for the purpose of calculating the ratios set out in Clause 17.2 (Financial ratios), such financial statements will be treated as though adjusted by that reconciliation so as to exclude the effect of the changes).

18. DEFAULT

18.1 Events of Default

Each of the events set out in Clauses 18.2 (Non-payment) to 18.21 (KTA Network Agreement Enforcement) is an Event of Default (whether or not caused by any reason whatsoever outside the control of any Obligor or any other person).

18.2 Non-payment

An Obligor does not pay on the due date any amount payable by it under the Finance Documents (other than any amount payable by UPC Broadband under Clause 7.6(d) (Prepayment from disposal proceeds) of this Agreement) at the place at, and in the currency in, which it is expressed to be payable, unless the relevant amount is paid in full within one Business Day (in the case of principal amounts) or three Business Days (in the case of other amounts) of the due date.

18.3 Breach of other obligations

- (a) An Obligor does not comply with any of Clauses 16.6 (Pari passu ranking), 16.7 (Negative pledge), 16.10 (Disposals), 16.11 (Acquisitions and mergers), 16.13 (Restricted Payments), 16.14 (Loans and guarantees), 16.19 (Share capital) or 17 (Financial Covenants)

- (b) An Obligor does not comply with any provision of the Finance Documents (other than those referred to in paragraph (a) above or in Clause 18.2 (Non-payment) and other than non-payment by UPC Broadband of any amount under Clause 7.6(d) (Prepayment from disposal proceeds) of this Agreement) and such failure (if capable of remedy before the expiry of such period) continues unremedied for a period of 28 days from the earlier of the date on which (i) such Obligor has become aware of the failure to comply or (ii) the Facility Agent gives notice to UPC Broadband requiring the same to be remedied.

18.4 Misrepresentation

A representation or warranty made or repeated by any Obligor in or in connection with any Finance Document or in any certificate or statement delivered by or on behalf of any Obligor under or in connection with any Finance Document (other than the representation in Clause 15.25 (Dutch Banking Act) or Clause 26.2(k) (Transfers by Lenders)) is incorrect in any material respect when made or deemed to have been made or repeated and, in the event that any representation or warranty is capable of remedy, the misrepresentation is not remedied within 28 days of the earlier of the date on which (i) such Obligor has become aware of the misrepresentation or (ii) the Facility Agent gives notice to UPC Broadband requiring the same to be remedied.

18.5 Cross default

- (a) Subject to paragraph (d) below, any Financial Indebtedness of a member of the Borrower Group or a member of the UGCE Borrower Group is not paid when due or within any originally applicable grace period.
- (b) Subject to paragraph (d) below, any Financial Indebtedness of a member of the Borrower Group or a member of the UGCE Borrower Group becomes prematurely due and payable or is placed on demand, in each case as a result of an event of default (howsoever described) under the document relating to that Financial Indebtedness.
- (c) Subject to paragraph (d) below, any Financial Indebtedness of a member of the Borrower Group or a member of the UGCE Borrower Group becomes capable of being declared prematurely due and payable or placed on demand, in each case as a result of an event of default (howsoever described) under the document relating to that Financial Indebtedness.
- (d) It shall not be an Event of Default under:
 - (i) this Clause 18.5 where the aggregate principal amount of all Financial Indebtedness to which any event specified in paragraphs (a), (b) or (c) relates is less than €15,000,000 (in the case of the Borrower Group) or €50,000,000 (in the case of any member of the UGCE Borrower Group) or, as the case may be, the equivalent in other currencies;
 - (ii) this Clause 18.5 in respect of Financial Indebtedness owing by a member of the Borrower Group to another member of the Borrower Group which is permitted under this Agreement; and
 - (iii) paragraph (c) above, in the case of the Acquisition of an entity which results in that entity becoming a member of the Borrower Group, for a period of 180 days following completion of that Acquisition, by reason only of an event of default (however described) arising in relation to the Financial Indebtedness of that acquired entity as a result only of the Acquisition of that acquired entity, provided that such Financial Indebtedness is not placed on demand, becomes prematurely due and payable or is otherwise accelerated during that period.
- (e) Any Financial Indebtedness of a member of the Borrower Group under a New Finance Document becomes capable of being due and payable or placed on demand, in each case as a result of an Event of Default as defined under the relevant New Finance Document.

18.6 Insolvency

- (a) **The Netherlands:** any Obligor, any Material Subsidiary or member of the UGCE Borrower Group organised in The Netherlands is declared bankrupt (*in staat van faillissement verklaard*) or enters into a preliminary or definitive moratorium (*in voorlopige of definitieve surseance van betaling gaan*) pursuant to the Dutch Bankruptcy Act (*Faillissementswet*); or
- (b) **General:** any of the following occurs in respect of an Obligor, any Material Subsidiary or any member of the UGCE Borrower Group:
- (i) it is, or is deemed for the purposes of any law to be, unable to pay its debts as they fall due or insolvent;
 - (ii) it admits its inability to pay its debts as they fall due;
 - (iii) it suspends making payments on any of its debts or announces an intention to do so; or
 - (iv) a moratorium is declared in respect of any of its indebtedness.

If a moratorium occurs in respect of any Obligor, any Material Subsidiary or any member of the UGCE Borrower Group, the ending of the moratorium will not remedy any Event of Default caused by the moratorium.

- (c) **United States of America:** any Obligor, any Material Subsidiary or any member of the UGCE Borrower Group which is a partnership, or a partner of any partnership, formed under the laws of the states of Colorado or Delaware, United States or which is incorporated under the laws of a State of the United States or that resides or has a domicile, a place of business or property in the United States (each a **U.S. Obligor**):
- (i) admit in writing its inability to, or be generally unable to, pay its debts as such debts become due;
 - (ii) makes a general assignment for the benefit of creditors;
 - (iii) shall have had appointed a receiver, a custodian, trustee or similar official for, or a receiver, custodian, trustee or similar official shall have taken possession of, all or substantially all of its assets, in proceedings brought by or against such Obligor or Material Subsidiary, and such appointment shall not have been discharged or such possession shall not have been terminated within 60 days after the effective date thereof or such Obligor or Material Subsidiary shall have consented to or acquiesced in such appointment or possession;
 - (iv) shall have filed a petition for relief under the insolvency, bankruptcy or similar laws of the United States of America or any state thereof, or an involuntary petition for such relief shall have been filed against any such Obligor or Material Subsidiary under such laws and shall not have been dismissed or terminated within 60 days after such involuntary petition is filed; or
 - (v) shall have failed to have discharged or obtained a stay of any proceeding to enforce, within a period of 45 days after the commencement thereof, any attachment, sequestration or similar proceeding asserted against all or substantially all of the assets of such Obligor or Material Subsidiary,

in each case other than in connection with the solvent liquidation of UPC Polska following the transfer of its assets to Polska Holdco.

18.7 Insolvency proceedings

- (a) Any formal voluntary step commencing legal proceedings (including petition or convening a meeting) is taken by any Obligor, any Material Subsidiary or any member of the UGCE Borrower Group with a view to a moratorium or a composition, assignment or arrangement with any class of

creditors of any Obligor, any Material Subsidiary or any member of the UGCE Borrower Group; or

- (b) a meeting of any Obligor, any Material Subsidiary or any member of the UGCE Borrower Group is convened by its shareholders, directors, managing partner (in the case of the US Borrower), secretary or other officers for the purpose of considering any resolution for, to petition for or to file documents with a court for its winding-up, dissolution or for its administration, suspension of payments, composition or bankruptcy or any such resolution is passed; or
- (c) any person presents a petition or files documents, with the appropriate legal authorities, for the winding-up or for the administration or for the bankruptcy of any Obligor, any Material Subsidiary or any member of the UGCE Borrower Group and the petition is not discharged or stayed within 45 days (or, in the case of a US Obligor, 60 days); or
- (d) an order for the winding-up or administration of any Obligor, any Material Subsidiary or any member of the UGCE Borrower Group is made,

in each case other than in connection with a reconstruction or amalgamation on terms approved by the Facility Agent (acting on the instructions of the Majority Lenders) or in connection with the solvent liquidation of UPC Polska following the transfer of its assets to Polska Holdco.

18.8 Appointment of receivers and managers

- (a) Any liquidator, trustee-in-bankruptcy, preliminary trustee, composition trustee, judicial custodian, compulsory manager, receiver, administrative receiver or administrator is appointed in respect of any Obligor, any Material Subsidiary or any member of the UGCE Borrower Group or any part of its assets which is material in the context of the Borrower Group (taken as a whole) and, only in the case of the appointment of a judicial custodian, compulsory manager or receiver, is not discharged within 45 days (or, in the case of a US Obligor, 60 days); or
- (b) the directors, shareholders or other officers of any Obligor, any Material Subsidiary or any member of the UGCE Borrower Group request the appointment of, or give notice of their intention to appoint, a liquidator, trustee in bankruptcy, preliminary trustee, composition trustee, judicial custodian, compulsory manager, receiver, administrative receiver or administrator,

in each case other than in connection with a reconstruction or amalgamation on terms approved by the Facility Agent (acting on the instructions of the Majority Lenders).

18.9 Creditors' process

A distress, execution, attachment or other legal process is levied, enforced or sued out upon or against all or any part of the assets of any Obligor, any Material Subsidiary or any member of the UGCE Borrower Group which is material in the context of the Borrower Group (taken as a whole), except where the same is being contested in good faith or is removed, discharged or paid within 45 days (or, in the case of a US Obligor, 60 days).

18.10 Similar proceedings

Anything which has an equivalent effect to any of the events specified in Clauses 18.6 (Insolvency) to 18.9 (Creditors' process) (inclusive) shall occur under the laws of any applicable jurisdiction in relation to any Obligor, any Material Subsidiary or any member of the UGCE Borrower Group.

18.11 Unlawfulness

It is or becomes unlawful for any Obligor or Subordinated Creditor to perform any of its payments or other material obligations under the Finance Documents to which it is a party.

18.12 Repudiation

Any Obligor or Subordinated Creditor repudiates, or evidences an intention to repudiate, any Finance Document to which it is a party.

18.13 Cessation of Distribution Business

The Borrower Group (taken as a whole) ceases to carry on all or substantially all of its Distribution Business.

18.14 Seizure

All or a material part of the undertakings, assets, rights or revenues of, or shares or other ownership interests in, UGCE Inc., UPC Broadband Holdco or the Borrower Group (taken as a whole but excluding any undertaking, assets, rights or revenues which do not form part of the Distribution Business) are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government.

18.15 Environmental Matters

As a result of any Environmental Law any of the Finance Parties becomes subject to a material obligation (actual or contingent and, in the case of any contingent obligation, being one which, at the relevant time, would be likely to arise) directly as a result of it entering into any of the Finance Documents which was not caused by its negligence or wilful default.

18.16 Breach of Security Deed and Intercreditor Agreement

- (a) A Subordinated Creditor fails to comply with any of its obligations under the Security Deed or the Pledge of Subordinated Shareholder Loans to which it is party and such failure (if capable of remedy before the expiry of such period) continues unremedied for a period of 28 days from the earlier of the date on which (i) UPC or UPC Broadband has become aware of the failure to comply or (ii) the Facility Agent gives notice to the relevant Subordinated Creditor and UPC Broadband requiring the same to be remedied.
- (b) Any representation or warranty made by a Subordinated Creditor under the Security Deed or the Pledge of Subordinated Shareholder Loans is incorrect in any material aspect when made or repeated and, in the event that any representation or warranty is capable of remedy, the misrepresentation is not remedied within 28 days of the earlier of the date on which (i) such Obligor has become aware of the misrepresentation or (ii) the Facility Agent gives notice to that Subordinated Creditor requiring the same to be remedied.
- (c) Any representation or warranty made by a Finance Party (as defined in the New Facility Agreement) is incorrect in any material respect when made or repeated.

18.17 Loss of Licences

Any Licence is in whole or part:

- (a) terminated, suspended or revoked or does not remain in full force and effect or otherwise expires and is not renewed prior to its expiry (in each case, without replacement by Licence(s) having substantially equivalent effect) in any case in a manner which would or is reasonably likely to have a Material Adverse Effect; or
- (b) is modified or is breached in a manner which would or is reasonably likely to have a Material Adverse Effect.

18.18 Material Contracts

- (a) Except as is required by any term of this Agreement, any Material Contract to which a member of the Borrower Group is a party is terminated, suspended, revoked or cancelled or otherwise ceases to be in full force and effect, unless:
- (i) in the case of an Interconnect Agreement only, services of a similar nature to those provided pursuant to such Material Contract are at all times provided to the Borrower Group on terms which are not materially more onerous on the relevant member of the Borrower Group or on the terms imposed by the mandatory requirements of any regulatory body; or
 - (ii) such termination, suspension, revocation, cancellation or cessation (in the reasonable opinion of the Facility Agent) would not or is not reasonably likely to have a Material Adverse Effect.
- (b) Any alteration or variation is made to any term of any Material Contract to which a member of the Borrower Group is a party which individually or cumulatively (in the reasonable opinion of the Facility Agent) would or is reasonably likely to have a Material Adverse Effect.
- (c) Any party breaches any term of or repudiates any of its obligations under any Material Contract to which a member of the Borrower Group is a party where such breach or repudiation (in the opinion of the Facility Agent exercised reasonably) would or is reasonably likely to have a Material Adverse Effect unless, in the case of a breach of a Material Contract by any person other than any member of the Borrower Group, the relevant services are at all relevant times provided to the appropriate members of the Borrower Group on the basis set out in (a) above.

18.19 Material Adverse Change

Any event or series of events occurs which would or is reasonably likely to have a Material Adverse Effect.

18.20 ERISA

The occurrence of:

- (a) any event or condition that presents a material risk that any member of the Borrower Group or any ERISA Affiliate may incur a material liability to a Plan or to the United States Internal Revenue Service or to the United States Pension Benefit Guaranty Corporation; or
- (b) an "accumulated funding deficiency" (as that term is defined in section 412 of the United States Internal Revenue Code of 1986, as amended, or section 302 of ERISA), whether or not waived, by reason of the failure of any member of the Borrower Group or any ERISA Affiliate to make a contribution to a Plan.

18.21 KTA Network Agreement Enforcement

Valid and enforceable KTA Security Agreements (as defined in Clause 7.6(d) (Prepayment from disposal proceeds)) have not been entered into and:

- (a) KTA becomes obliged to pay the penalty to the Municipality of Amsterdam on the basis of section 19 of the network agreement between KTA and the Municipality of Amsterdam dated 6th July, 1995 and as amended on 22nd June, 1999 (the **Network Agreement**); or
- (b) the Municipality of Amsterdam, as mortgagee or pledgee, has factually taken steps to enforce, by way of execution, its pledge or mortgage under the Network Agreement, other than on the basis of the situation described under (a), except where such enforcement is being contested in good faith or is removed or discharged within 45 days.

18.22 Acceleration

On and at any time after the occurrence of an Event of Default while such event is continuing the Facility Agent may, and if so directed by the Majority Lenders will, by notice to UPC Broadband declare that an Event of Default has occurred and:

- (a) cancel the Total Commitments; and/or
- (b) declare that all the Advances be payable on demand, whereupon they shall immediately become payable on demand by the Facility Agent on the instructions of the Majority Lenders; and/or
- (c) demand that all the Advances be immediately due and payable, whereupon they shall become immediately due and payable together with all interest accrued on those Advances and all other amounts payable by the Obligors under the Finance Documents.

18.23 Automatic Acceleration

If an Event of Default described in Clause 18.6(c)(ii), (iii) or (iv) (United States of America) occurs, or upon the entry of an order for relief in a voluntary or involuntary bankruptcy of the US Borrower, all outstanding Advances drawn by the US Borrower under this Agreement will be immediately and automatically due and payable and the Total Commitments (to the extent they relate to such Advances) will, if not already cancelled under this Agreement, be immediately and automatically cancelled.

19. FACILITY AGENT, SECURITY AGENT, LEAD ARRANGERS AND LENDERS

19.1 Appointment and duties of the Agents

- (a) Each Lender and Lead Arranger irrevocably appoints each Agent to act as its agent under and in connection with the Finance Documents.
- (b) Each Finance Party appointing each Agent irrevocably authorises each Agent on its behalf to:
 - (i) perform the duties and to exercise the rights, powers and discretions that are specifically delegated to it under or in connection with the Finance Documents, together with any other incidental rights, powers and discretions; and
 - (ii) execute each Finance Document expressed to be executed by the Facility Agent on that Finance Party's behalf.
- (c) Each Agent shall have only those duties which are expressly specified in this Agreement. Those duties are solely of a mechanical and administrative nature.

19.2 Role of the Lead Arrangers

Except as otherwise provided in this Agreement, no Lead Arranger has any obligations of any kind to any other Party under or in connection with any Finance Document.

19.3 Relationship

The relationship between each Agent and the other Finance Parties is that of agent and principal only. Nothing in this Agreement constitutes either Agent as trustee or fiduciary for any other Party or any other person and neither Agent need hold in trust any moneys paid to it for a Party save as provided in the Finance Documents or be liable to account for interest on those moneys.

19.4 Majority Lenders' directions

- (a) Each Agent will be fully protected if it acts in accordance with the instructions of the Majority Lenders in connection with the exercise of any right, power or discretion or any matter not expressly provided for in the Finance Documents. Any such instructions given by the Majority

Lenders will be binding on all the Lenders. In the absence of such instructions each Agent may act as it considers to be in the best interests of all the Lenders.

- (b) No Agent is authorised to act on behalf of a Lender (without first obtaining that Lender's consent) in any legal or arbitration proceedings relating to any Finance Document.

19.5 Delegation

Each Agent may act under the Finance Documents through its personnel and agents.

19.6 Responsibility for documentation

Neither Agent nor any Lead Arranger is responsible to any other Party for:

- (a) the execution, genuineness, validity, enforceability or sufficiency of any Finance Document or any other document by any other Party;
- (b) the collectability of amounts payable under any Finance Document;
- (c) the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document (including the Information Memorandum) by any other Party; or
- (d) the integrity or security of any Finance Document or other document or information posted or distributed electronically on any intranet based system (or similar) in connection with the preparation, negotiation and execution of the Finance Documents or the syndication or administration of the Facilities.

19.7 Default

- (a) Neither Agent is obliged to monitor or enquire as to whether or not a Default has occurred. Neither Agent will be deemed to have knowledge of the occurrence of a Default. However, if an Agent receives notice from a Party referring to this Agreement, describing the Default and stating that the event is a Default, it shall promptly notify the Lenders of such notice.
- (b) Each Agent may require the receipt of security satisfactory to it whether by way of payment in advance or otherwise, against any liability or loss which it will or may incur in taking any proceedings or action arising out of or in connection with any Finance Document before it commences these proceedings or takes that action.

19.8 Exoneration

- (a) Without limiting paragraph (b) below, neither Agent will be liable for any action taken or not taken by it under or in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct.
- (b) No Party may take any proceedings against any officer, employee or agent of either Agent in respect of any claim it might have against that Agent or in respect of any act or omission of any kind (including negligence or wilful misconduct) by that officer, employee or agent in relation to any Finance Document.
- (c) Any officer, employee or agent of either Agent may rely on this Clause 19.8 and enforce its terms under the Contracts (Rights of Third Parties) Act 1999.

19.9 Reliance

Each Agent may:

- (a) rely on any notice or document believed by it to be genuine and correct and to have been signed by, or with the authority of, the proper person;

- (b) rely on any statement made by a director or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify; and
- (c) engage, pay for and rely on legal or other professional advisers selected by it (including those in the Facility Agent's employment and those representing a Party other than the Facility Agent).

19.10 Credit approval and appraisal

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Finance Document, each Lender confirms that it:

- (a) has made its own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by either Agent or the Lead Arrangers in connection with any Finance Document; and
- (b) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities while any amount is or may be outstanding under the Finance Documents or any Commitment is in force.

19.11 Information

- (a) Each Agent shall promptly forward to the person concerned the original or a copy of any document which is delivered to that Agent by a Party for that person.
- (b) Except where this Agreement specifically provides otherwise, neither Agent is obliged to review or check the accuracy or completeness of any document it forwards to another Party.
- (c) Except as provided above, neither Agent has a duty:
 - (i) either initially or on a continuing basis to provide any Lender with any credit or other information concerning the financial condition or affairs of any Obligor or any related entity of any Obligor whether coming into its possession or that of any of its related entities before, on or after the Signing Date; or
 - (ii) unless specifically requested to do so by a Lender in accordance with this Agreement, to request any certificates or other documents from any Obligor.

19.12 Each Agent and the Lead Arrangers individually

- (a) If it is also a Lender, each of the Facility Agent, the Security Agent and the Lead Arrangers has the same rights and powers under this Agreement as any other Lender and may exercise those rights and powers as though it were not the Facility Agent, Security Agent or (as applicable) a Lead Arranger.
- (b) Each of the Agents and the Lead Arrangers may:
 - (i) carry on any business with an Obligor or its related entities;
 - (ii) act as agent or trustee for, or in relation to any financing involving, an Obligor or its related entities; and
 - (iii) retain any profits or remuneration in connection with its activities under the Finance Documents, or in relation to any of the foregoing.

19.13 Indemnities

Each Lender shall indemnify each Agent, within three Business Days of demand, against any cost, loss or liability incurred by the relevant Agent (otherwise than by reason of the relevant Agent's gross negligence or wilful misconduct) in acting as Agent under the Finance Documents (unless the relevant Agent has been reimbursed by an Obligor pursuant to a Finance Document). Such indemnification shall be pro rata to its Commitments (and for the purposes of calculating this proportion, the amount of the Total Facility C Commitments and each Lender's Facility C Commitments shall be converted to euros at the Agent's Spot Rate of Exchange on the date of the relevant calculation).

19.14 Compliance

- (a) Each Agent may refrain from doing anything which might, in its reasonable opinion, constitute a breach of any law or regulation or be otherwise actionable at the suit of any person, and may do anything which, in its reasonable opinion, is necessary or desirable to comply with any law or regulation of any jurisdiction.
- (b) Without limiting paragraph (a) above, neither Agent need disclose any information relating to any Obligor or any of its related entities if the disclosure might, in the opinion of the relevant Agent, constitute a breach of any law or regulation or any duty of secrecy or confidentiality or be otherwise actionable at the suit of any person.

19.15 Resignation of Agents

- (a) Notwithstanding its irrevocable appointment (but subject to paragraphs (f) and (g) below), each Agent may resign by giving notice to the Lenders and UPC Broadband, in which case the relevant Agent may, following consultation with and with the consent of UPC Broadband (not to be unreasonably withheld or delayed) forthwith appoint one of its Affiliates as successor Agent or, failing that, the Majority Lenders may with the consent of UPC Broadband (not to be unreasonably withheld or delayed) appoint a reputable and experienced bank as successor Agent. The resignation of the Security Agent is subject to compliance with clause 9.1 (Retirement of Security Agent) of the Security Deed.
- (b) If the appointment of a successor Agent is to be made by the Majority Lenders but they have not, within 30 days after notice of resignation, appointed a successor Agent which accepts the appointment, the retiring Agent may, following consultation with and with the consent of UPC Broadband (not to be unreasonably withheld or delayed), appoint a successor Agent.
- (c) The resignation of the retiring Agent and the appointment of any successor Agent will both become effective only upon the successor Agent notifying all the Parties that it accepts the appointment. On giving the notification and receiving such approval, the successor Agent will succeed to the position of the retiring Facility Agent and the term **Facility Agent** or **Security Agent** (as the case may be) will mean the successor Facility Agent or Security Agent, respectively.
- (d) The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as the Agent under this Agreement.
- (e) Upon its resignation becoming effective, this Clause 19 shall continue to benefit the retiring Agent in respect of any action taken or not taken by it under or in connection with the Finance Documents while it was the relevant Agent and, subject to paragraph (d) above, it shall have no further obligation under any Finance Document.

- (f) The Majority Lenders may by notice to an Agent require it to resign in accordance with paragraph (a) above. In this event, the relevant Agent shall resign in accordance with paragraph (a) above but it shall not be entitled to appoint one of its Affiliates as successor Agent.
- (g) UPC Broadband may, if it is unsatisfied (acting reasonably) with the performance by an Agent of its role as Agent, following a period of consultation with the relevant Agent of not less than 14 days, by notice to that Agent require it to resign in accordance with paragraph (a) above. Such notice must specify the reasons for which UPC Broadband is seeking the Agent's resignation, which must be based on reasonable grounds. In this event, the relevant Agent shall resign in accordance with paragraph (a) above but it shall not be entitled to appoint one of its Affiliates as successor Agent.

19.16 Lenders

- (a) Each Agent may treat each Lender as a Lender, entitled to payments under this Agreement and as acting through its Facility Office(s) until it has received notice from the Lender to the contrary by not less than five Business Days prior to the relevant payment.
- (b) Each Lender, on the date on which it becomes a party to this Agreement, represents to the Facility Agent that it is:
 - (i) either:
 - (A) not resident in the United Kingdom for United Kingdom Tax purposes; or
 - (B) a "bank" as defined in section 840A of the Income and Corporation Taxes Act 1988 and resident in the United Kingdom; and
 - (ii) beneficially entitled to the interest payable by the Facility Agent to it under this Agreement,and shall forthwith notify the Facility Agent if either representation ceases to be correct.
- (c) Each Facility A Lender, (if it is a requirement of Dutch law that such Facility A Lender is a Professional Market Party) represents to the Finance Parties and UPC Broadband on the Effective Date that it is a Professional Market Party. Such Lender acknowledges that the Finance Parties and UPC Broadband have relied upon such representation.
- (d) Each Facility A Lender shall provide the Facility Agent with a duly completed and signed Verification Letter by the date falling 30 days after the Effective Date. If such Facility A Lender fails to provide such Verification Letter it shall, within ten Business Days of demand, indemnify each Obligor and each Finance Party against any cost, loss or liability incurred by that Obligor or Finance Party as a result of its representation in paragraph (c) above being incorrect or its failure to comply with its undertaking in this paragraph (d).

19.17 Separate divisions

In acting as an Agent or Lead Arranger, the agency and syndication's division of each of the Agents and the Lead Arrangers shall be treated as a separate entity from its other divisions and departments. Any information acquired at any time by either Agent or any Lead Arranger otherwise than in the capacity of Agent or Lead Arranger through its agency and syndication's division (whether as financial adviser to any member of the Borrower Group or otherwise) may be treated as confidential by the relevant Agent or Lead Arranger and shall not be deemed to be information possessed by the relevant Agent or Lead Arranger in its capacity as such. Each Finance Party acknowledges that each Agent and the Lead Arrangers may, now or in the future, be in possession of, or provided with, information relating to the Obligors which has not or will not be provided to the other Finance Parties. Each Finance Party agrees that, except as expressly provided in this Agreement, neither Agent nor any Lead Arranger will be under any obligation to

provide, or be under any liability for failure to provide, any such information to the other Finance Parties.

20. FEES

20.1 Commitment fee

- (a) Subject to paragraph (b) below UPC Broadband shall pay to the Facility Agent for distribution to each Lender pro rata to the proportion that the relevant Lender's Facility A Commitment, Facility B Commitment or Facility C Commitment bears to the Total Facility A Commitment, Total Facility B Commitment or Total Facility C Commitment respectively from time to time a commitment fee (subject to sub-clause (b) below) computed at the rate of 0.75 per cent. per annum on any undrawn, uncanceled amount of the Total Facility A Commitment, Total Facility B Commitment and Total Facility C Commitment, PROVIDED THAT on any day that the aggregate outstanding Advances exceed 50 per cent. of the aggregate drawn and undrawn Total Facility A Commitments, Total Facility B Commitments and Total Facility C Commitments the commitment fee shall be computed at the rate which is the lower of:

- (i) 50 per cent. of the then applicable Margin; and
- (ii) 0.50 per cent. per annum,

on any undrawn, uncanceled amount of the Total Facility A Commitment, Total Facility B Commitment and Total Facility C Commitment.

In calculating aggregate outstanding Facility C2 Advances and Total Facility C Commitments for the purposes of the proviso to this Clause 20.1(a), outstanding Facility C2 Advances and Facility C2 Commitments shall be converted to euros on the date of the relevant calculation on the basis of the Agent's Spot Rate of Exchange on that date.

- (b) Commitment fee is calculated and accrues on a daily basis on and from the Signing Date and is payable quarterly in arrear from the Signing Date and (in the case of the Total Facility A Commitment) on the last day of the Facility A Availability Period, (in the case of the Total Facility B Commitment) on the last day of the Facility B Availability Period and (in the case of the Total Facility C Commitment) on the last day of the Facility C Availability Period. Accrued commitment fee is also payable to the Facility Agent for the relevant Lender(s) on the cancelled amount of its (their) Facility A Commitment, Facility B Commitment or Facility C Commitment, as the case may be, at the time the cancellation takes effect (but only in respect of the period up to the date of cancellation).
- (c) Commitment fee is payable in euros in respect of Facility A, Facility B and Facility C1 and in Dollars in respect of Facility C2.

20.2 Agents' fees

UPC Broadband shall pay to the Facility Agent and the Security Agent for their own account an agency fee in the amounts and on the dates agreed in the relevant Fee Letter.

20.3 Underwriting Fee

UPC Broadband shall pay the arrangement fee and underwriting fees in accordance with the relevant Fee Letter.

20.4 Amendment Fee

UPC Broadband will pay to the Facility Agent for distribution to each Lender the amendment fees set out in the Amendment Fee Letter on the date set out therein.

20.5 VAT

Any fee referred to in this Clause 20 (Fees) is exclusive of any applicable value added tax. If any value added tax is so chargeable and is invoiced, it shall be paid by UPC Broadband at the same time as it pays the relevant fee. Where appropriate, the relevant Finance Party will supply a VAT invoice in respect of such fees.

21. EXPENSES

21.1 Transaction Expenses

UPC Broadband shall within ten Business Days of demand pay JPMorgan Chase Bank and TD Bank Europe Limited the amount of all costs and expenses (including legal fees) reasonably incurred by any of them in connection with the negotiation, preparation, printing, execution, perfection and syndication of:

- (a) this Agreement and any other documents referred to in this Agreement; and
- (b) any other Finance Document executed after the date of this Agreement.

21.2 Amendment Costs

If:

- (a) an Obligor requests an amendment, waiver or consent under or in connection with any Finance Document;
- (b) an amendment is required under Clause 25.3 (Change of Currency),

UPC Broadband shall, within ten Business Days of demand, reimburse the Facility Agent or, as the case may be, the Security Agent, for the amount of all costs and expenses (including legal fees) reasonably incurred by the Facility Agent or, as the case may be, the Security Agent in responding to, evaluating, negotiating or complying with that request or requirement.

21.3 Enforcement Costs

UPC Broadband shall, within ten Business Days of demand, pay to the Facility Agent on behalf of each Finance Party the amount of all costs and expenses (including legal fees) incurred by that Finance Party in connection with the enforcement of, or the preservation of any rights under, any Finance Document.

22. STAMP DUTIES

UPC Broadband shall pay and, within ten Business Days of demand, indemnify each Finance Party against any cost, loss or liability which that Finance Party incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document (other than those imposed by reason of any assignment or novation by any Finance Party).

23. INDEMNITIES

23.1 Currency indemnity

- (a) If any sum due from an Obligor under the Finance Documents (a **Sum**), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the **First Currency**) in which that Sum is payable into another currency (the **Second Currency**) for the purpose of:
 - (i) making or filing a claim or proof against that Obligor;
 - (ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

that Obligor shall as an independent obligation, within ten Business Days of demand, indemnify each Finance Party to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

- (b) Each Obligor waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

23.2 Other indemnities

UPC Broadband shall (or shall procure that an Obligor will), within ten Business Days of demand, indemnify each Lender against any cost, loss or liability incurred by that Lender as a result of:

- (a) the occurrence of any Event of Default;
- (b) a failure by an Obligor to pay any amount due under a Finance Document on its due date, including without limitation, any cost, loss or liability arising as a result of Clause 29 (Pro Rata Sharing);
- (c) funding, or making arrangements to fund, its participation in an Advance requested by a Borrower in a Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that Lender alone);
- (d) an Advance (or part of an Advance) not being prepaid in accordance with a notice of prepayment given by a Borrower; or
- (e) any representation made by UPC Broadband under Clause 15.25 (Dutch Banking Act) or Clause 26.2 (Transfers by Lenders) being incorrect when made or deemed to be made. UPC Broadband shall not be liable under this paragraph (e) to any Lender which makes a representation which is untrue in relation to its status as a Professional Market Party or its status as part of a closed circle (*besloten kring*).

23.3 Indemnity to the Facility Agent

UPC Broadband shall, within ten Business Days of demand, indemnify the Facility Agent against any cost, loss or liability incurred by the Facility Agent (acting reasonably) as a result of:

- (a) investigating any event which it reasonably believes is a Default; or
- (b) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised.

23.4 Break Costs

- (a) UPC Broadband shall, within ten Business Days of demand by a Finance Party, pay to that Finance Party its Break Costs attributable to all or any part of an Advance or Unpaid Sum being paid by that Borrower on a day other than the last day of an Interest Period for that Advance or Unpaid Sum.
- (b) Each Lender shall, as soon as reasonably practicable after a demand by the Facility Agent, provide a certificate (which shall be provided to UPC Broadband) confirming the amount of its Break Costs for any Interest Period in which they accrue.

24. EVIDENCE AND CALCULATIONS

24.1 Accounts

Accounts maintained by a Finance Party in connection with this Agreement are *prima facie* evidence of the matters to which they relate.

24.2 Certificates and determinations

Any certification or determination by a Finance Party of a rate or amount payable under this Agreement or otherwise expressed to be determined by a Finance Party is, in the absence of manifest error, *prima facie* evidence of the matters to which it relates.

24.3 Calculations

The interest and the fees payable under Clause 20.1 (Commitment fee) accrue from day to day and are calculated on the basis of the actual number of days elapsed and a year of 360 days or, where practice in the London inter-bank market, in the case of non-euro amounts, or the European interbank market, in the case of euro amounts, otherwise dictates, 365 days.

25. AMENDMENTS AND WAIVERS

25.1 Required consents

- (a) Subject to Clause 25.2 (Exceptions) any term of the Finance Documents may be amended or waived only with the consent of the Majority Lenders and UPC Broadband and any such amendment or waiver will be binding on all Parties.
- (b) The Facility Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause 25.

25.2 Exceptions

- (a) An amendment or waiver that has the effect of changing or which relates to:
 - (i) the definitions of "Majority Lenders" or "Majority Facility C Lenders" in Clause 1.1 (Definitions);
 - (ii) an extension to the date of payment of any amount of principal, interest or commitment fees under this Agreement or the Security Documents or the extension of the Facility A Availability Period, Facility B Availability Period or Facility C Availability Period;
 - (iii) a reduction in the Margin other than in accordance with Clause 8.10 (Margin) or the amount of any payment of principal, interest, fees or commission payable under this Agreement or the Security Documents;
 - (iv) an increase in a Lender's Facility A Commitment, Facility B Commitment or Facility C Commitment;
 - (v) an assignment, transfer, novation or other disposal of any of, or any interest in, an Obligor's rights and/or obligations under this Agreement other than in accordance with Clause 26 (Changes to the Parties);
 - (vi) any provision which expressly requires the consent of all the Lenders;
 - (vii) Clause 2.4 (Nature of a Finance Party's rights and obligations), Clause 26.2 (Transfers by Lenders) or this Clause 25;
 - (viii) a release of the guarantee under Clause 14 (Guarantee) other than in accordance with Clause 26 (Changes to the Parties);
 - (ix) the selection of an Interest Period exceeding six months; or

- (x) the release of an asset from a Security Document (except as otherwise expressly permitted herein or in any such Security Document and except in furtherance of a disposal or any other transaction which is permitted by any Finance Document),

shall not be made without the prior consent of all the Lenders.

- (b) An amendment or waiver which relates to the rights or obligations of the Facility Agent or the Lead Arrangers may not be effected without the consent of the Facility Agent or, as the case may be, the Lead Arrangers.
- (c) An amendment or waiver which has the effect of changing or relates to Clause 7.10 (Facility C Call protection) may not be effected without the consent of the Majority Facility C Lenders.
- (d) The Facility Agent may agree with UPC Broadband any amendment to or the modification of the provisions of any of the Finance Documents or any schedule thereto, which is necessary to correct a manifest error.
- (e) If authorised by the Majority Lenders, the Security Agent may, subject to paragraph (a) above, grant any waiver or consent in relation to, or variation of the material provisions of, any Security Document.

25.3 Change of Currency

- (a) If more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:
 - (i) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Agent; and
 - (ii) any translation from one currency or currency unit to another shall be at the official conversion rate recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Agent acting reasonably.
- (b) If a change in any currency of a country occurs, this Agreement will be amended to the extent the Agent specifies to be necessary to reflect the change in currency and to put the Banks in the same position, so far as possible, that they would have been in if no change in currency had occurred.

25.4 Waivers and remedies cumulative

The rights of each Party under the Finance Documents:

- (a) may be exercised as often as necessary, subject to the terms of the relevant Finance Documents;
- (b) are cumulative and not exclusive of its rights under the general law; and
- (c) may be waived only in writing and specifically.

Delay in the exercise or non-exercise of any such right is not a waiver of that right.

26. CHANGES TO THE PARTIES

26.1 Transfers by Obligors

- (a) No Obligor may assign, transfer, novate or dispose of any of, or any interest in, its rights and/or obligations under this Agreement, except:
 - (i) pursuant to a merger in accordance with Clause 16.11(b) (Acquisitions and mergers); and

- (ii) that UPC Broadband Holdco (**Existing UPC Broadband Holdco**) may at any time assign, transfer, novate or dispose of all of its rights and obligations under this Agreement and the other Finance Documents to which it is a party to another person which is the immediate Holding Company of UPC Broadband (**New UPC Broadband Holdco**) in accordance with the terms of this Agreement and the terms of such other Finance Document, provided that any transfer or novation of obligations by Existing UPC Broadband Holdco will not be effective until New UPC Broadband Holdco has become an Additional Guarantor in accordance with Clause 26.4 (Additional Guarantors) and has delivered or delivers the documents specified in Clause 26.4(a)(iv) (Additional Guarantors).
- (b) At the time the foregoing conditions for the transfer or novation of Existing UPC Broadband Holdco's obligations shall have been satisfied (or waived, as the case may be) and such transfer or novation has taken effect:
 - (i) Existing UPC Broadband Holdco will be released from its obligations under this Agreement and the other Finance Documents, without prejudice to any such obligations which may have accrued and shall not have been discharged prior to such time; and
 - (ii) Existing UPC Broadband Holdco will cease to be an Original Guarantor.

26.2 Transfers by Lenders

- (a) A Lender (the **Existing Lender**) may at any time assign, transfer or novate any of its rights and/or obligations under this Agreement and the other Finance Documents to another person (the **New Lender**), provided that:
 - (i) in the case of a partial assignment, transfer or novation of rights and/or obligations, such assignment, transfer or novation shall be in a minimum amount (in relation to Facility A Commitment) of €5,000,000, or (in relation to Facility B Commitment) of €1,000,000, or (in relation to Facility C Commitment) of \$1,000,000, or its euro equivalent (save that in the case of a partial assignment, transfer or novation by a Facility C Lender of its rights and/or obligations under Facility C to an Affiliate or Related Fund of that Facility C Lender, such assignment, transfer or novation shall be in a minimum amount (in relation to Facility C Commitment) of \$500,000 or its euro equivalent);
 - (ii) if an Existing Lender is both a Facility B Lender and holds undrawn commitments under New Facility D and that Existing Lender assigns, transfers or novates any of its rights and/or obligations in respect of Facility B to a New Lender that Existing Lender shall also assign transfer or novate its undrawn commitments under New Facility D, in accordance with clause 26.3 (Transfers to Lenders) and clause 26.3 (Procedure for novation) of the New Facility Agreement to the extent necessary to ensure that it and the New Lender (to the extent it is or becomes a lender under New Facility D) are and remain in compliance with clause 26.2(a)(ii) of the New Facility Agreement; and
 - (iii) if immediately prior to the time of the proposed assignment, transfer or novation becoming effective it is a requirement of Dutch law, the New Lender (A) is a Professional Market Party or exempted from the requirement to be a Professional Market Party because it forms part of a closed circle (*besloten kring*) with UPC Broadband and makes the representation in paragraph 2 of the Novation Certificate (as defined below) and (B) delivers a duly completed and executed Verification Letter to UPC Broadband.
- (b) The prior consent of UPC Broadband is required for any such assignment, transfer or novation (unless to an Affiliate or to a Lender, but without prejudice to Clause 26.2(a)), provided that:
 - (i) UPC Broadband's consent must not be unreasonably withheld or delayed;

- (ii) the consent of UPC Broadband to an assignment, transfer or novation must not be withheld solely because the assignment, novation or transfer may result in an increase to the Mandatory Cost;
 - (iii) the prior consent of UPC Broadband is not required when (A) the assignment, novation or transfer of a Lender's rights and/or obligations is to an Affiliate or Related Fund of that Lender or (B) an Event of Default is outstanding;
 - (iv) nothing in this Clause 26.2 restricts the ability of any Lender to enter into any sub-participation or other arrangement with any third party relating to the Finance Documents which does not transfer to that third party any obligation and/or legal or equitable interest in any of the rights arising under this Agreement.
- (c) A transfer of obligations will be effective only if the obligations are novated in accordance with Clause 26.3 (Procedure for novations).
- (d) On each occasion an Existing Lender assigns, transfers or novates any of its rights and/or obligations under this Agreement (other than to an Affiliate or Related Fund of that Existing Lender), the New Lender shall, on the date the assignment, transfer and/or novation takes effect, pay to the Facility Agent for its own account a fee of €1,500 (in relation to Facility A, Facility B or Facility C1) or US\$3,500 (in relation to Facility C2); provided that, in the case of contemporaneous assignments by a Lender under Facility C2 to more than one fund managed by the same investment adviser (which funds are not then Lenders hereunder), only a single such US\$3,500 fee shall be payable for all such contemporaneous assignments.
- (e) An Existing Lender is not responsible to a New Lender for:
 - (i) the execution, genuineness, validity, enforceability or sufficiency of any Finance Document or any other document;
 - (ii) the collectability of amounts payable under any Finance Document; or
 - (iii) the accuracy of any statements (whether written or oral) made in connection with any Finance Document.
- (f) Each New Lender confirms to the Existing Lender and the other Finance Parties that it:
 - (i) has made its own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender in connection with any Finance Document; and
 - (ii) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities while any amount is or may be outstanding under this Agreement or any Facility A Commitment, Facility B Commitment or Facility C Commitment is in force.

- (g) Nothing in any Finance Document obliges an Existing Lender to:
- (i) accept a re-transfer from a New Lender of any of the rights and/or obligations assigned, transferred or novated under this Clause 26; or
 - (ii) support any losses incurred by the New Lender by reason of the non-performance by any Obligor of its obligations under this Agreement or otherwise.
- (h) Any reference in this Agreement to a Lender includes a New Lender (to the extent rights have been assigned, transferred or novated to that New Lender and to the extent that obligations have been assumed by the New Lender) but excludes a Lender if no amount is or may be owed to or by it under this Agreement and its Facility A Commitment (if any), Facility B Commitment (if any), and Facility C Commitment (if any) has been cancelled or reduced to nil.
- (i) If any assignment, transfer or novation results, or will result by reason of circumstances existing at the time of the assignment, transfer or novation, in additional amounts becoming due under Clause 10 (Tax Gross-up and Indemnities) or amounts becoming due under Clause 12 (Increased Costs), the New Lender shall be entitled to receive such additional amounts only to the extent that the Existing Lender would have been so entitled had there been no such assignment, transfer or novation.
- (j) Any Facility C Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including without limitation any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release a Lender from any of its obligations under this Agreement or substitute any such pledgee or assignee for such Facility C Lender as a party hereto.
- (k) On the date that a New Lender becomes a party to this Agreement as a Lender UPC Broadband represents and warrants that on that date it has verified the status of that New Lender either as:
- (i) a Professional Market Party; or
 - (ii) exempted from the requirement to be a Professional Market Party because it forms part of a closed circle (*besloten kring*) with UPC Broadband,
- by obtaining a duly completed and signed Verification Letter.

26.3 Procedure for novations

- (a) A novation is effected if:
- (i) the Existing Lender and the New Lender deliver to the Facility Agent a duly completed certificate (a **Novation Certificate**), substantially in the form of Part 1 of Schedule 5 (Novation Certificate), with, for the purposes of primary syndication of the Facilities or to facilitate novations of Facility C2 Advances (and Facility C2 Commitments, if applicable), such amendments as the Facility Agent approves to achieve a substantially similar effect; and
 - (ii) the Facility Agent executes it (which the Facility Agent shall promptly do).
- (b) Each Finance Party (other than the Existing Lender and the New Lender) irrevocably authorises the Facility Agent to execute any duly completed Novation Certificate on its behalf if that Novation Certificate effects a novation permitted by Clause 26.2 (Transfers by Lenders).
- (c) To the extent that they are expressed to be the subject of the novation in the Novation Certificate:
- (i) the Existing Lender and the other Parties (the **existing Parties**) will be released from their obligations to each other (the **discharged obligations**);

- (ii) the New Lender and the existing Parties will assume obligations towards each other which differ from the discharged obligations only insofar as they are owed to or assumed by the New Lender instead of the Existing Lender;
- (iii) the rights of the Existing Lender against the existing Parties and vice versa (the **discharged rights**) will be cancelled;
- (iv) the New Lender and the existing Parties will acquire rights against each other which differ from the discharged rights only insofar as they are exercisable by or against the New Lender instead of the Existing Lender; and
- (v) the New Lender shall become, by the execution by the Facility Agent of such Novation Certificate, bound by the terms of the Security Deed as if it were an original party thereto as a Senior Beneficiary and shall acquire the same rights and assume the same obligations towards the other parties to the Security Deed as would have been acquired and assumed had the New Lender been an original party to the Security Deed as a Senior Beneficiary,

all on the later of (i) five Business Days after receipt of a Verification Letter (if applicable) and a Novation Certificate executed by the Existing Lender and the New Lender; (ii) the date of execution of such Novation Certificate by the Facility Agent; and (iii) the date specified in the Novation Certificate.

- (d) If the effective date of a novation is after the date a Request is received by the Facility Agent but before the date the requested Advance is disbursed to the relevant Borrower, the Existing Lender shall be obliged to participate in that Advance in respect of its discharged obligations notwithstanding that novation, and the New Lender shall reimburse the Existing Lender for its participation in that Advance and all interest and fees thereon up to the date of reimbursement (in each case to the extent attributable to the discharged obligations) within three Business Days of the Utilisation Date of that Advance.
- (e) If an Existing Lender effects a Mid-Interest Period Transfer:
 - (i) the Facility Agent has an obligation to make interest accruing on and prior to the date on which the Mid-Interest Period Transfer took effect (the Pre-Transfer Accrued Interest) available to the Existing Lender in accordance with Clause 9.3 (Distribution). Once such Accrued Interest has been made available to the Existing Lender in accordance with Clause 9.3 (Distribution), the Facility Agent will be released from all obligations towards the Existing Lender;
 - (ii) the Facility Agent will have no obligation to pay Pre Transfer Accrued Interest to the New Lender;
 - (iii) such Existing Lender will continue to have the right to receive Pre Transfer Accrued Interest. Once such Pre Transfer Accrued Interest has been made available to such Existing Lender in accordance with Clause 9.3 (Distribution), all rights of such Existing Lender against the Facility Agent will be cancelled; and
 - (iv) the New Lender will have no right to receive Pre Transfer Accrued Interest from the Facility Agent.

26.4 Additional Guarantors

- (a) (i) Subject to paragraph (b) below, a Subsidiary of UPC Broadband may become an Additional Guarantor by delivering to the Facility Agent a Guarantor Accession Agreement, duly executed by that company.

- (ii) A person which (a) becomes the immediate Holding Company of UPC Broadband or (b) becomes an Additional Obligor under the New Facility Agreement shall, prior to or contemporaneously with becoming such Holding Company or Additional Obligor (as applicable), become an Additional Guarantor by delivering to the Facility Agent a Guarantor Accession Agreement, duly executed by that company.
 - (iii) Upon execution and delivery of a Guarantor Accession Agreement and delivery of the documents specified in sub-paragraph (iv) below, the relevant Subsidiary or person referred to in sub-paragraph (i) or (ii) above will become an Additional Guarantor.
 - (iv) UPC Broadband shall procure that, at the same time as a Guarantor Accession Agreement is delivered to the Facility Agent, there is also delivered to the Facility Agent all those documents listed in Part 2 of Schedule 2 (Conditions Precedent Documents), in each case in form and substance satisfactory to the Facility Agent (acting reasonably).
 - (v) The Guarantor Accession Agreement referred to in sub-paragraph (i) above may, with the prior written approval of the Facility Agent, include a limitation of the obligations or liabilities of the relevant Additional Guarantor under Clause 14 (Guarantee) where such limitation is required by any applicable law.
- (b) UPC Broadband shall:
- (i) procure that at all times the value of the aggregate EBITDA, total assets and total revenues of:
 - (A) the Guarantors as of the Effective Date (other than, UPC Broadband, any UPC Broadband Holdco, UPC Holding and UPC Holding II) and their respective Subsidiaries (as calculated by reference to the relevant financial statements most recently provided under Clause 16.2(a) or (b) (Financial information)); and
 - (B) any Additional Guarantors which have become Guarantors since the Effective Date and their respective Subsidiaries (as calculated by reference to the relevant financial statements most recently provided under Clause 16.2(a) or (b) (Financial information) or, if no such financial statements have been provided in respect of such Additional Guarantors, as calculated by reference to the financial statements referred to in paragraph 11 of Part 2 of Schedule 2 (Conditions Precedent Documents) provided under Clause 26.4(a)(iii) (Additional Guarantors) in respect of each Additional Guarantor), is equal to or greater than 95 per cent. of the Borrower Group's consolidated EBITDA, total assets and total revenues (as calculated by reference to the relevant financial statements most recently provided under Clause 16.2(a) or (b) (Financial information)), if necessary by procuring that additional Subsidiaries of UPC Broadband become Additional Guarantors; and
 - (ii) consult with the Facility Agent prior to any entity becoming an Additional Guarantor in order to ensure that no material adverse change would or be reasonably likely to occur, as a result of such entity becoming an Additional Guarantor, in the consolidated financial position of the Borrower Group (taken as a whole) which would or be reasonably likely to have a Material Adverse Effect.
- (c) UPC Broadband represents and warrants to the Finance Parties that it is in compliance with paragraph (b) above as of the Effective Date (all relevant calculations being made by reference to the financial statements most recently provided under Clause 16.2(a) or (b) (Financial Information)).
- (d) After the Effective Date, UPC Broadband shall be in compliance with its obligations under paragraph (b) above if it procures that any of its Subsidiaries which are required to become

Additional Guarantors do so within 60 days after the delivery to the Facility Agent of any financial statements delivered under Clause 16.2(a) or (b) (Financial information) which demonstrate that additional Subsidiaries of UPC Broadband are required to become Additional Guarantors under paragraph (b).

- (e) The execution of a Guarantor Accession Agreement constitutes confirmation by the relevant Additional Guarantor that the relevant representations and warranties set out in Clause 15 (Representations and Warranties) to be made by it on the date of the Guarantor Accession Agreement are correct, as if made with reference to the facts and circumstances then existing.

26.5 Reference Banks

- (a) If a Reference Bank ceases to be a Lender, the Facility Agent shall (after consulting with UPC Broadband) appoint another Lender which is not a Reference Bank to replace that Reference Bank.
- (b) UPC Broadband and the Facility Agent may agree to add one or more additional Reference Bank(s) from among the Lenders.

26.6 Register

The Facility Agent shall maintain at its address referred to in Clause 32.2(b) (Addresses for notices) a copy of each Novation Certificate delivered to and accepted by it and a register of the names and addresses all the Parties including, in the case of Lenders, their Commitments under each Facility, the principal amount of the Advances owing under each Facility to each Lender from time to time and the details of their Facility Office notified to the Facility Agent from time to time, and shall supply any other Party (at that Party's expense) with a copy of the register on request. The entries in such register shall be conclusive and binding for all purposes, absent manifest error, and the Obligors, the Facility Agent and the Lenders shall treat each person whose name is recorded in the register as a Lender hereunder for all purposes of this Agreement.

27. DISCLOSURE OF INFORMATION

- (a) Any Lender may disclose to any of its Affiliates and any other person:
 - (i) to (or through) whom that Lender assigns or transfers (or may potentially assign or transfer) all or any of its rights and obligations under this Agreement;
 - (ii) with (or through) whom that Lender enters into (or may potentially enter into) any sub-participation in relation to, or any other transaction under which payments are to be made by reference to, this Agreement or any Obligor; or
 - (iii) to whom, and to the extent that, information is required to be disclosed by any applicable law or regulation,any information about any Obligor, the Borrower Group and the Finance Documents as that Lender shall consider appropriate (acting reasonably) if, in relation to sub-paragraphs (i) and (ii) above, the person to whom the information is to be given has entered into a Confidentiality Undertaking.
- (b) Notwithstanding any other provision of this Agreement, any Party to this Agreement (and any of its affiliates, officers, directors, employees, representatives, professional advisers, or other agents) may (and has since the commencement of discussions with respect to the Facility been permitted to) disclose to any and all persons, without limitation of any kind:
 - (i) the **U.S. tax treatment** and **U.S. tax structure** (each as defined below) of the Facility; and

- (ii) all material of any kind (including opinions and other tax analyses) that are provided to such party relating to such U.S. tax treatment or U.S. tax structure,

except to the extent reasonably necessary to comply with applicable federal or state securities laws.

For the purposes of this subsection, the **U.S. tax treatment** of the Facility is the purported or claimed U.S. federal, state and local income tax treatment of the Facility, and the **U.S. tax structure** of the Facility is any fact that may be relevant to understanding the purported or claimed U.S. federal, state and local income tax treatment of the Facility. This authorisation is not intended to permit disclosure of any information (other than information relating to US tax treatment or US tax structure of the Facility) including (without limitation) (i) any portion of any materials to the extent not related to the U.S. tax treatment or U.S. tax structure of the Facility, (ii) the identities of participants or potential participants in the Facility (except to the extent such identities are related to the tax treatment or the U.S. tax structure of the Facility), (iii) the existence or status of any negotiations, (iv) any pricing or financial information (except to the extent such pricing or financial information is related to the U.S. tax treatment or the U.S. tax structure of the Facility), or (v) any other term or detail not relevant to the U.S. tax treatment or the U.S. tax structure of the Facility.

28. SET-OFF

28.1 Contractual set-off

A Finance Party may set off any matured obligation owed by an Obligor under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

28.2 Set-off not mandatory

No Finance Party shall be obliged to exercise any right given to it by Clause 28.1 (Contractual set-off).

28.3 Notice of set-off

Any Finance Party exercising its rights under Clause 28.1 (Contractual set-off) shall notify the relevant Obligor promptly after set-off is applied.

29. PRO RATA SHARING

29.1 Redistribution

If any amount owing by an Obligor under any Finance Document to a Finance Party (the **recovering Finance Party**) is discharged by payment, set-off or any other manner other than through the Facility Agent in accordance with Clause 9 (Payments) (a **recovery**), then:

- (a) the recovering Finance Party shall, within three Business Days, notify details of the recovery to the Facility Agent;
- (b) the Facility Agent shall determine whether the recovery is in excess of the amount which the recovering Finance Party would have received had the recovery been received by the Facility Agent and distributed in accordance with Clause 9 (Payments);
- (c) subject to Clause 29.3 (Exceptions), the recovering Finance Party shall, within three Business Days of demand by the Facility Agent, pay to the Facility Agent an amount (the **redistribution**) equal to the excess;

- (d) the Facility Agent shall treat the redistribution as if it were a payment by the Obligor concerned under Clause 9 (Payments) and shall pay the redistribution to the Finance Parties (other than the recovering Finance Party) in accordance with Clause 9.7 (Partial payments); and
- (e) after payment of the full redistribution, the recovering Finance Party will be subrogated to the portion of the claims paid under paragraph (d) above, and that Obligor will owe the recovering Finance Party a debt which is equal to the redistribution, immediately payable and of the type originally discharged.

29.2 Reversal of redistribution

If under Clause 29.1 (Redistribution):

- (a) a recovering Finance Party must subsequently return a recovery, or an amount measured by reference to a recovery, to an Obligor; and
- (b) the recovering Finance Party has paid a redistribution in relation to that recovery,

each Finance Party shall, within three Business Days of demand by the recovering Finance Party through the Facility Agent, reimburse the recovering Finance Party all or the appropriate portion of the redistribution paid to that Finance Party. Thereupon the subrogation in Clause 29.1(e) (Redistribution) will operate in reverse to the extent of the reimbursement.

Each Finance Party agrees with the Facility Agent that it will comply with any notice given to it by the Facility Agent under this Clause 29.2.

29.3 Exceptions

- (a) A recovering Finance Party need not pay a redistribution to the extent that it would not, after the payment, have a valid claim against the Obligor concerned in the amount of the redistribution pursuant to Clause 29.1(e) (Redistribution).
- (b) A recovering Finance Party is not obliged to share with any other Finance Party any amount which the recovering Finance Party has received or recovered as a result of taking legal proceedings, if the other Finance Party had an opportunity to participate in those legal proceedings but did not do so and did not take separate legal proceedings.

30. SEVERABILITY

If a provision of any Finance Document is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not affect:

- (a) the legality, validity or enforceability in that jurisdiction of any other provision of the Finance Documents; or
- (b) the legality, validity or enforceability in other jurisdictions of that or any other provision of the Finance Documents.

31. COUNTERPARTS

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

32. NOTICES

32.1 Giving of notices

All notices or other communications under or in connection with this Agreement shall be given in writing and, unless stated, may be made by letter, telex or facsimile or (to the extent that (i) the

relevant Party has specified such an address pursuant to Clause 32.2 (Addresses for notices) and (ii) such notice or communication is not required to be signed by an Authorised Signatory, other officer or board of the relevant entity and the form of such notice or communication does not provide for signature by an Authorised Signatory, other officer or board of the relevant entity) by e-mail. Any such notice will be deemed to be given as follows:

- (a) if by letter, when delivered personally or on actual receipt; and
- (b) if by facsimile or e-mail, when received in legible form.

However, a notice given in accordance with the above but received on a non-working day or after business hours in the place of receipt will only be deemed to be given on the next working day in that place.

32.2 Addresses for notices

- (a) The address and facsimile number and (if so specified) e-mail address of each Party (other than the Facility Agent and the Borrowers) for all notices under or in connection with this Agreement are:

- (i) that notified by that Party for this purpose to the Facility Agent on or before it becomes a Party; or
 - (ii) any other notified by that Party for this purpose to the Facility Agent by not less than five Business Days' notice.

- (b) The address, facsimile numbers and e-mail address of the Facility Agent and the Security Agent are:

TD Bank Europe Limited
Triton Court
14/18 Finsbury Square
London EC2A 1DB

Contact: Rory McCarthy

Facsimile: +44 20 7638 0006

E-mail: rory.mccarthy@tdsecurities.com

in the case of notices relating to Facility C2 only:

Toronto Dominion (Texas), Inc.,
909 Fannin Street, Suite 1700
Houston, Texas 77010

Attention: Jim Bridwell

Facsimile: +1 713 951 9921

Email: jimmie.bridwell@tdsecurities.com

and in each case with a copy to:

TD Bank Europe Limited
Royal Trust Tower
77 King Street West,
18th Floor
Toronto
Ontario, Canada
M5K 1A2

Contact: Marc Scaefffer/Parin Kanji

Facsimile: +1 416 982 6630

or such other as the Facility Agent may notify to the other Parties by not less than five Business Days' notice.

- (c) The address, facsimile numbers and e-mail address of each Borrower are:

UPC Broadband Holding B.V.
Boeing Avenue 53
1119 PE Schiphol Rijk
Amsterdam

Contact: Dennis Okhuijsen

Facsimile: + 3120 778 9453; and

E-mail: dokhuijsen@UPCcorp.com

UPC Financing Partnership

c/o UPC Broadband

Contact: Dennis Okhuijsen

Facsimile: + 3120 778 9453

E-mail: dokhuijsen@UPCcorp.com

or such other as the relevant Borrower may notify to the other Parties by not less than five Business Days' notice.

- (d) The Facility Agent shall, promptly upon request from any Party, give to that Party the address, facsimile number or e-mail address (if applicable) of any other Party applicable at the time for the purposes of this Clause 32.

33. LANGUAGE

- (a) Any notice given under or in connection with any Finance Document shall be in English.
- (b) All other documents provided under or in connection with any Finance Document shall be:
- (i) in English; or
- (ii) if not in English and the Facility Agent so requests, accompanied by a certified English translation and, in this case, the English translation shall prevail unless the document is a statutory or other official document.

34. JURISDICTION

34.1 Submission

For the benefit of each Finance Party, each Obligor agrees that the courts of England have jurisdiction to settle any disputes in connection with any Finance Document (other than any Security Document expressed to be governed by laws other than the laws of England) and accordingly submits to the jurisdiction of the English courts.

34.2 Service of process

Without prejudice to any other mode of service, each Obligor which is not incorporated in England and Wales:

- (a) irrevocably appoints UPC Services Ltd, 4th Floor, Michelen House, 81 Fulham Road, London, SW3 6RD as its agent for service of process relating to any proceedings before the English courts in connection with any Finance Document;
- (b) agrees to maintain an agent for service of process in England until all Facility A Commitments, Facility B Commitments and Facility C Commitments have terminated and the Advances and all other amounts payable under the Finance Documents have been finally, irrevocably and indefeasibly repaid in full;
- (c) agrees that failure by a process agent to notify the Obligor of the process will not invalidate the proceedings concerned;
- (d) consents to the service of process relating to any such proceedings by prepaid posting of a copy of the process to its address for the time being applying under Clause 32.2 (Addresses for notices); and
- (e) agrees that if the appointment of any person mentioned in paragraph (a) above ceases to be effective, the relevant Obligor shall immediately appoint a further person in England to accept service of process on its behalf in England and, failing such appointment within 15 days, the Facility Agent is entitled and authorised to appoint a process agent for the Obligor by notice to the Obligor.

34.3 Forum convenience and enforcement abroad

Each Obligor:

- (a) waives objection to the English courts on grounds of inconvenient forum or otherwise as regards proceedings in connection with a Finance Document; and
- (b) agrees that a judgment or order of an English court in connection with a Finance Document is conclusive and binding on it and may be enforced against it in the courts of any other jurisdiction.

34.4 Non-exclusivity

Nothing in this Clause 34 limits the right of a Finance Party to bring proceedings against an Obligor in connection with any Finance Document:

- (a) in any other court of competent jurisdiction; or
- (b) concurrently in more than one jurisdiction.

35. WAIVER OF IMMUNITY

Each Obligor irrevocably and unconditionally:

- (a) agrees that if a Finance Party brings proceedings against it or its assets in relation to a Finance Document, no immunity from those proceedings (including, without limitation, suit, attachment prior to judgment, other attachment, the obtaining of judgment, execution or other enforcement) will be claimed by or on behalf of itself or with respect to its assets;
- (b) waives any such right of immunity which it or its assets now has or may subsequently acquire; and
- (c) consents generally in respect of any such proceedings to the giving of any relief or the issue of any process in connection with those proceedings, including, without limitation, the making, enforcement or execution against any assets whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in those proceedings.

36. WAIVER OF TRIAL BY JURY

EACH PARTY WAIVES ANY RIGHT IT MAY HAVE TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION IN CONNECTION WITH ANY FINANCE DOCUMENT OR ANY TRANSACTION CONTEMPLATED BY ANY FINANCE DOCUMENT. THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO TRIAL BY THE COURT.

37. GOVERNING LAW

This Agreement is governed by and construed in accordance with English law.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE 1**ORIGINAL PARTIES****PART 1****ORIGINAL GUARANTORS**

Name	Address
UPC Financing Partnership	4643 South Ulster Street Suite 1300 Denver, Co 80237 United States
UPC Broadband Holding B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Holding II B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Holding B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC France Holding B.V	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Scandinavia Holding B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Austria Holding B.V. (previously called Cable Network Austria Holding B.V.)	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Central Europe Holding B.V. (previously called Stipdon Investments B.V.)	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands

UPC Nederland B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Poland Holding B.V. (previously called UPC Telecom B.V.)	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands

PART 2

ORIGINAL LENDERS AND COMMITMENTS

Lender	Facility A Commitments	Facility B Commitments	Facility C1 Commitments	Facility C2 Commitments
	(€)	(€)	(€)	(US\$)
The Chase Manhattan Bank	102,857,145	377,142,855		
The Toronto-Dominion Bank	102,857,145	377,142,855		
Toronto Dominion (Texas), Inc.,				295,400,000
ABN AMRO Bank N.V.	37,500,000	137,500,000		
BNP Paribas, Belgian Branch	37,500,000	137,500,000		
CIBC World Markets plc	37,500,000	137,500,000		
Crédit Lyonnais S.A.	37,500,000	137,500,000		
Fortis Bank (Nederland) N.V.	37,500,000	137,500,000		
N.B. International Finance B.V.	37,500,000	137,500,000		
The Royal Bank of Scotland plc	37,500,000	137,500,000		
Abbey National Treasury Services plc	7,500,000	27,500,000	5,000,000	
Lehman Commercial Paper Inc				5,000,000
Banca Commerciale Italiana S.p.A.	21,428,571	78,571,429		
Bear Stearns Corporate Lending Inc.	21,428,571	78,571,429		
Citibank, N.A.	21,428,571	78,571,429		
Credit Suisse First Boston	10,714,286	39,285,714	50,000,000	
Daimler Chrysler Capital Services (Debis)	6,428,571	23,571,429	10,000,000	
DLJ Capital Funding, Inc.	21,428,571	78,571,429		
Dresdner Bank AG, London Branch	17,142,857	62,857,143		
Goldman Sachs Credit Partners, L.P.	21,428,571	78,571,429		
Goldman Sachs Credit Partners, L.P.				8,000,000
The Governor and Company of the Bank of Scotland	17,142,857	62,857,143		
Harbourmaster Loan Corporation B.V.			15,000,000	
IBM Nederland Financieringen B.V.	3,214,286	11,785,714		
ING Bank N.V.	21,428,571	78,571,429		
Eurocredit CDO I, B.V. and Eurocredit CDO II, B.V.			15,000,000	
KBC Bank NV	5,357,143	19,642,857		
Merrill Lynch Capital Corporation	21,428,571	78,571,429		
Debt Strategies Fund III, Inc.				820,000
Debt Strategies Fund II, Inc.				4,200,000
Debt Strategies Fund, Inc.				1,800,000
Senior High Income Portfolio, Inc.				3,180,000
Morgan Stanley Senior Funding, Inc.	21,428,571	78,571,429		
Oppenheimer Senior Floating Rate Fund				4,100,000
Scotiabank Europe plc	21,428,571	8,571,429		
Van Kampen Prime Rate Income Trust				15,000,000
Van Kampen Senior Income Trust				10,000,000
UBS AG, London Branch	21,428,571	78,571,429		
Total	€750,000,000	€2,750,000,000	€95,000,000	US\$ 347,500,000

CONDITIONS PRECEDENT DOCUMENTS

PART 1

TO BE DELIVERED BEFORE THE FIRST ADVANCE

1. Constitutional Documents

A copy of the memorandum and articles of association and certificate of incorporation of each Obligor (other than the US Borrower) and the partnership agreement in relation to the US Borrower.

2. Authorisations

- (a) A copy of an extract of a resolution of the board of directors (or equivalent) of each Obligor:
 - (i) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party (including, in the case of each Guarantor, the giving of the guarantee under Clause 14 (Guarantee)) and resolving that it execute and, where applicable, deliver the Finance Documents;
 - (ii) authorising a specified person or persons to execute and, where applicable, deliver the Finance Documents to which it is a party on its behalf; and
 - (iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including Requests) to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party;
- (b) a specimen of the signature of each person authorised by the resolutions referred to in paragraph (a) above;
- (c) certificate of an authorised signatory of each of UPC Broadband and the US Borrower respectively certifying that each copy of the documents specified in Part 1 of this Schedule 2 and supplied by UPC Broadband or the US Borrower (as the case may be) is a true copy and in full force and effect as at a date no earlier than the Signing Date; and
- (d) Evidence that all of the requirements of Section 25 of the Netherlands Works Council Act (*Wet op de Ondernemingsraden*) in connection with the transactions contemplated by the Finance Documents have been complied with.

3. Legal opinions

- (a) Legal opinions of:
 - (i) Allen & Overy, London, Amsterdam and New York, legal advisers to the Lead Arrangers;
 - (ii) Loeff Claey's Verbeke, Brussels, legal advisers to the Lead Arrangers;
 - (iii) Vinge KB, Stockholm, legal advisers to the Lead Arrangers;
 - (iv) Wiersholm, Mellbye & Bech, Oslo, legal advisers to the Lead Arrangers.
- (b) Legal opinion of Holme Roberts & Owen LLP, legal advisers to the Borrowers, addressed to the Finance Parties and confirming that the Facility will not cause any default under the existing high yield indentures of UPC or UGC.

4. Existing Financial Indebtedness

Evidence that:

- (a) all availability under the facility agreements or other documentation relating to any Financial Indebtedness (**Relevant Financial Indebtedness**) described in Schedule 9 (Relevant Financial Indebtedness) has irrevocably been cancelled in full or will be irrevocably cancelled in full as at the first Utilisation Date;
- (b) all indebtedness under such facility agreements or other documentation relating to any Relevant Financial Indebtedness has been repaid in full or will be repaid in full upon the making of the first Advance;
- (c) all letters of credit and guarantees and similar instruments issued under such facility agreements or other documentation relating to any Relevant Financial Indebtedness have been cancelled and that no cash collateral is held by the relevant issuing banks in respect of those instruments (or that the foregoing will be achieved upon the making of the first Advance); and
- (d) all Security Interests described in Schedule 8 (Relevant Security Interests) have been released (or will be released upon the making of the first Advance) and that all parties with an interest in such Security Interests have consented to such release.

5. Capital and corporate structure

- (a) A certificate from a director of UPC Broadband addressed to the Finance Parties confirming that as at the first Utilisation Date (following the first Utilisation hereunder) there will be no Subordinated Shareholder Loans outstanding from the Borrower Group to any Subordinated Creditors other than Subordinated Shareholder Loans owing by UPC Broadband to UPC Holdco in a principal amount of not less than €1,400,000,000.
- (b) Evidence as to the capital and corporate structure of the Borrower Group as at the first Utilisation Date, such structure being consistent with the description set out in Schedule 10 (Borrower Group Structures).

6. Finance Documents

- (a) The Security Documents listed in Schedule 7 (Security Documents) duly executed by all parties thereto.
- (b) The Security Deed duly executed by all parties thereto.
- (c) All relevant notices of security required to be delivered under any Security Document together with acknowledgements of such notices, in each case in the form required by the relevant Security Document.
- (d) Delivery to the Security Agent of share certificates and duly completed blank stock transfer forms (or equivalent) in respect of all shares or partnership interests (as applicable) subject to the Security Documents listed in Schedule 7 (Security Documents).
- (e) UCC-1 Financing Statements duly executed by each of UPC Holding and UPC Holding II.
- (f) Completion of all other steps specified by the Security Agent as being necessary to perfect the Security Interests intended to be created by the Security Documents listed in Schedule 7 (Security Documents).
- (g) Syndication Letter duly executed by all parties thereto.

- (h) Guarantor Accession Agreements duly executed by each of UPC Nederland B.V., UPC Central Europe Holding B.V. (previously called Stipdon Investments B.V.) and Austria Holding B.V. (previously called Cable Networks Austria Holding B.V.)

7. Financial information

- (a) Audited consolidated financial statements for UPC for the financial year ending 31st December, 1999.
- (b) The Original Borrower Group Financial Statements, together with the financial statements of the Borrower Group for the Accounting Period ended 30th June, 2000.
- (c) The Consultant's Report.
- (d) A certificate from a director of UPC Broadband confirming that as at the first Utilisation Date (following the first Utilisation) Borrower Group Capitalisation will be equal to the figure specified in Clause 17.2(d) (Financial ratios).

8. Other documents

- (a) Copies of the Material Contracts listed in 15.7 (Material Contracts).
- (b) A copy of (and of all applications for) any and all approvals, consents, licences, exemptions and other requirements of governmental and other authorities required for the entering into or performance of the Finance Documents to be entered into on or about the Signing Date by each party.
- (c) Restricted Person's Framework Agreement and Obligors' Framework Agreement, in each case duly executed by all parties thereto.

TO BE DELIVERED BY AN ADDITIONAL GUARANTOR

1. A Guarantor Accession Agreement, duly executed as a deed (or using any equivalent necessary formality, in the case of an Additional Guarantor incorporated outside the United Kingdom) by the Additional Guarantor.
2. In the case of an Additional Guarantor (other than any UPC Broadband Holdco), a pledge over all the issued shares of the Additional Guarantor owned by any member of the Borrower Group in substantially the same form as a share pledge already granted to the Security Agent over shares of another Obligor incorporated in the same jurisdiction as the Additional Guarantor or in such other form as the Security Agent may reasonably require, together with a Security Provider's Deed of Accession executed by such member of the Borrower Group, such notices and other documents as the Security Agent may require to perfect such share pledge.
3. Details of:
 - (a) (in the case of an Additional Guarantor, other than any UPC Broadband Holdco) all material receivables (aggregating €10,000,000 (or its equivalent in other currencies) or more) which are owed to the Additional Guarantor by Priority Telecom N.V.;
 - (b) (in the case of an Additional Guarantor, other than UPC Broadband Holdco) all intercompany loans owed to the Additional Guarantor by any member of the Borrower Group, together with an Obligor Pledge of Shareholder Loans executed by the Additional Guarantor in respect of such intercompany loans and the other documents referred to in Clause 16.14(a) (Loans and guarantees); and
 - (c) where the Additional Guarantor will become a UPC Broadband Holdco at the same time as, or after, it becomes an Additional Guarantor, details of all Financial Indebtedness owing to the Additional Guarantor by any member of the Borrower Group, together with a Pledge of Subordinated Shareholder Loans executed by the Additional Guarantor in respect of such Financial Indebtedness and the other documents referred to in Clause 16.25(a) (Shareholder Loans); and
 - (d) (in the case of an Additional Guarantor, other than any UPC Broadband Holdco) all Financial Indebtedness owing by the Additional Guarantor to any Restricted Person, together with a Pledge of Subordinated Shareholder Loans executed by the relevant Restricted Person(s) (if any) in respect of such Financial Indebtedness and the other documents referred to in Clause 16.25(a) (Shareholder Loans).
4. A pledge over such of the receivables referred to in sub-paragraph 3(a) above (in the case of an Additional Guarantor, other than any UPC Broadband Holdco) as in the opinion of the Security Agent is necessary to maintain the coverage of the Security Documents over such receivables owed to the Borrower Group on a basis consistent with Clause 16.26 (Further security over receivables) in substantially the same form as a receivables pledge already granted to the Security Agent (i) by a member of the Borrower Group incorporated in the same jurisdiction as the Additional Guarantor or (ii) in respect of receivables located in the same jurisdiction as the relevant receivables or (iii) in such other form as the Security Agent may reasonably request, together with all such notices and other documents as the Security Agent may require to perfect the receivables pledge.
5. A copy of the memorandum and articles of association and certificate of incorporation (or other equivalent constitutional documents) of the Additional Guarantor (and any Subsidiary of the Additional Guarantor (a **Relevant Subsidiary**), the issued shares of which are to be subject to a share pledge referred to in paragraph 6 below).

6. (a) Where the Additional Guarantor will become a UPC Broadband Holdco at the same time as, or after, it becomes an Additional Guarantor, a pledge over all the issued shares of UPC Broadband substantially in the same form as a share pledge already granted to the Security Agent over shares of UPC Broadband or in such other form as the Security Agent may reasonably require, together with such notices and other documents as the Security Agent may require to perfect such share pledge.
- (b) In the case of an Additional Guarantor (other than any UPC Broadband Holdco), a pledge over all the issued shares of any Subsidiary (a **Relevant Subsidiary**) of the Additional Guarantor (other than shares not owned by the Additional Guarantor or any Subsidiary of the Additional Guarantor) if in the opinion of the Security Agent such pledge is necessary to maintain the coverage of the Security Documents over shares in Obligors (other than UPC Holding and any other UPC Broadband Holdco) or other key members of the Borrower Group (being holding companies in respect of one or more members of the Borrower Group which carry on business in a particular jurisdiction). Such share pledge shall be in substantially the same form as a Share Pledge already granted to the Security Agent over shares in a person incorporated in the same jurisdiction as the Relevant Subsidiary or in such other form as the Security Agent may reasonably require, together with such notices and other documents as the Security Agent may require to perfect such pledge.
7. A copy of a resolution of the board of directors of the Additional Guarantor:
 - (a) approving the terms of, and the transactions contemplated by, the Guarantor Accession Agreement (and any relevant Security Document referred to in paragraphs 2, 3, 4 or 6 above (each an **Additional Security Document**) resolving that it execute the Guarantor Accession Agreement (and each Additional Security Document));
 - (b) authorising a specified person or persons to execute the Guarantor Accession Agreement and each Additional Security Document; and
 - (c) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents to be signed and/or despatched by it under or in connection with the Finance Documents.
8. A copy of any other authorisation or other document, opinion or assurance which the Facility Agent reasonably considers to be necessary in connection with the entry into and performance of, and the transactions contemplated by, the Guarantor Accession Agreement or any Additional Security Document.
9. A specimen of the signature of each person authorised by the resolution referred to in paragraph 7 above.
10. A certificate of an authorised signatory of the Additional Guarantor certifying that each copy of the documents specified in Part 2 of this Schedule 2 and provided by it is a true copy and in full force and effect as at a date no earlier than the date of the Guarantor Accession Agreement (and, in the case of an Additional Guarantor other than any UPC Broadband Holdco, if required by the Facility Agent, a certificate of each Relevant Subsidiary in respect of each copy of the documents provided by it in accordance with the provisions of Part 2 of this Schedule 2).
11. A copy of the latest financial statements (audited, if available) of the Additional Guarantor.
12. A legal opinion of legal advisers to the Facility Agent, and, if applicable, other lawyers approved by the Facility Agent in the place of incorporation of the Additional Guarantor (and/or each Relevant Subsidiary) addressed to the Finance Parties.

13. All other notices, documents and other steps required to perfect the security constituted by each Additional Security Document (including, without limitation, accession to, or entry into (as the case may be), by:
- (a) the relevant Additional Guarantor (and any member of the Borrower Group which is an intercompany debtor in respect of the Additional Guarantor) of an Obligors' Framework Agreement; or
 - (b) as the case may be, the relevant Restricted Person referred to sub-paragraph 3(d) above (and the Additional Guarantor) of a Restricted Person's Framework Agreement.

MANDATORY COST FORMULAE

1. The Mandatory Cost is an addition to the interest rate to compensate Lenders for the cost of compliance with (a) the requirements of the Bank of England and/or the Financial Services Authority (or, in either case, any other authority which replaces all or any of its functions) or (b) the requirements of the European Central Bank.
2. On the first day of each Interest Period (or as soon as possible thereafter) the Facility Agent shall calculate, as a percentage rate, the arithmetic mean (rounded up, if necessary, to four decimal places) of the respective rates notified by each Reference Bank to the Facility Agent at its request as the rate resulting from the application of the formulae set out in paragraphs 3 and 4 below (the Additional Cost Rate).
3. The Additional Cost Rate for any Lender lending from a Facility Office in a Participating Member State will be the percentage notified by that Lender to the Facility Agent. This percentage will be certified by that Lender in its notice to the Facility Agent to be its reasonable determination of the cost (expressed as a percentage of that Lender's participation in all Loans made from that Facility Office) of complying with the minimum reserve requirements of the European Central Bank in respect of loans made from that Facility Office.
4. The Additional Cost Rate for any Lender lending from a Facility Office in the United Kingdom will be calculated by the Facility Agent as follows:
 - (a) in relation to a Sterling Advance:

$$\frac{AB+C(B-D)+Ex\ 0.01}{100-(A+C)} \quad \text{per cent. per annum}$$

- (b) in relation to an Advance in any currency other than sterling:

$$\frac{Ex\ 0.01}{300} \quad \text{per cent. per annum}$$

Where:

- A is the percentage of Eligible Liabilities (assuming these to be in excess of any stated minimum) which that Reference Bank is from time to time required to maintain as an interest-free cash ratio deposit with the Bank of England to comply with cash ratio requirements;
- B is the percentage rate of interest (excluding the Margin and the Mandatory Cost) and, if the Loan is an Unpaid Sum, the additional rate of interest specified in Clause 8.8(a) (Default interest) payable for the relevant Interest Period on the Advance;
- C is the percentage (if any) of Eligible Liabilities which that Reference Bank is required from time to time to maintain as interest-bearing Special Deposits with the Bank of England;
- D is the percentage rate per annum payable by the Bank of England to the Facility Agent on interest-bearing Special Deposits;
- E is designed to compensate the Reference Banks for amounts payable under the Fees Rules (but, for this purpose, ignoring any minimum fee required pursuant to the Fees Rules) and is calculated by the Facility Agent as being the average for the most recent rates of charge

5. For the purposes of this Schedule:
- (a) **Eligible Liabilities** and **Special Deposits** have the meanings given to them from time to time under or pursuant to the Bank of England Act 1998 or (as may be appropriate) by the Bank of England;
 - (b) **Fees Rules** means the rules on periodic fees contained in the FSA Supervision Manual or such other law or regulation as may be in force from time to time in respect of the payment of fees for the acceptance of deposits;
 - (c) **Fee Tariffs** means the fee tariffs specified in the Fees Rules under the activity group A.1 Deposit acceptors (ignoring any minimum fee or zero rated fee required pursuant to the Fees Rules but taking into account any applicable discount rate; and
 - (d) **Tariff Base** has the meaning given to it in, and will be calculated in accordance with, the Fees Rules.
6. In application of the above formulae, A, B, C and D will be included in the formulae as percentages (i.e. 5 per cent. will be included in the formula as 5 and not as 0.05). A negative result obtained by subtracting D from B shall be taken as zero. The resulting figures shall be rounded to four decimal places.
7. If requested by the Facility Agent, each Reference Bank shall, as soon as practicable after publication by the Financial Services Authority, supply to the Facility Agent, the rate of charge payable by that Reference Bank to the Financial Services Authority pursuant to the Fees Rules in respect of the relevant financial year of the Financial Services Authority (calculated for this purpose by that Reference Bank as being the average of the Fee Tariffs applicable to that Reference Bank for that financial year) and expressed in pounds per £1,000,000 of the Tariff Base of that Reference Bank.
8. Each Lender shall supply any information required by the Facility Agent for the purpose of calculating its Additional Cost Rate. In particular, but without limitation, each Lender shall supply the following information on or prior to the date on which it becomes a Lender:
- (a) the jurisdiction of its Facility Office; and
 - (b) any other information that the Facility Agent may reasonably require for such purpose.
- Each Lender shall promptly notify the Facility Agent of any change to the information provided by it pursuant to this paragraph.
9. The percentages of each Lender for the purpose of A and C above and the rates of charge of each Reference Bank for the purpose of E above shall be determined by the Facility Agent based upon the information supplied to it pursuant to paragraphs 7 and 8 above and on the assumption that, unless a Lender notifies the Facility Agent to the contrary, each Lender's obligations in relation to cash ratio deposits and Special Deposits are the same as those of a typical bank from its jurisdiction of incorporation with a Facility Office in the same jurisdiction as its Facility Office.
10. The Facility Agent shall have no liability to any person if such determination results in an Additional Cost Rate which over or under compensates any Lender and shall be entitled to assume that the information provided by any Reference Bank pursuant to paragraph 3 above is true and correct in all respects.

11. The Facility Agent shall distribute the additional amounts received as a result of the Mandatory Costs to the Lenders on the basis of the Additional Cost Rate for each Lender based on the information provided by each Reference Bank pursuant to paragraphs 3, 7 and 8 above.
12. Any determination by the Facility Agent pursuant to this Schedule in relation to a formula, the Mandatory Cost, an Additional Cost Rate or any amount payable to a Lender shall, in the absence of manifest error, be conclusive and binding on all Parties.
13. The Facility Agent may from time to time, after consultation with UPC Broadband and the Lenders, determine and notify to all Parties any amendments which are required to be made to this Schedule in order to comply with any change in law, regulation or any requirements from time to time imposed by the Bank of England, the Financial Services Authority or the European Central Bank (or, in any case, any other authority which replaces all or any of its functions) and any such determination shall, in the absence of manifest error, be conclusive and binding on all Parties.

FORM OF REQUEST AND CANCELLATION NOTICE

PART 1

FORM OF REQUEST

To: []

Attention: []

From: [Borrower]

Date: []

REQUEST (ADVANCE)

UPC Broadband Holding B.V.—€3,500,000,000 and US\$347,500,000 and €95,000,000 Term and Revolving Credit Agreement dated [], 2000

Dear Sirs,

We hereby give you notice pursuant to Clause 5.1 (Delivery of Request) of the above Credit Agreement that we require an Advance to be made to that Borrower under the Credit Agreement, as follows:

- (a) Facility: [A, B, C1 or C2]
- (b) Utilisation Date: []
- (c) Requested Amount: []
- (d) Currency: []
- (e) Interest Period: []

Payment instructions with respect to the proceeds of the Advance to be made in relation to this Request are as follows: [].

We confirm that each condition specified in Clause 4.2 (Further conditions precedent) is satisfied on the date of this Request.

Terms used in this Request and defined in the Credit Agreement have the same meaning in this Request as in the Credit Agreement.

Yours faithfully

[Authorised Signatory]

[Borrower]

FORM OF CANCELLATION AND/OR PREPAYMENT NOTICE

To: [] as Facility Agent
 From: [BORROWER]

Date: []

**UPC Broadband Holding B.V. — €3,500,000,000 and US\$347,500,000 and €95,000,000 Term and
 Revolving Credit Agreement dated [], 2000**

1. [We wish to cancel a portion of Total Facility A Commitments(*) and/or*/Total Facility B Commitments* and/or*
 Total Facility C Commitments* in the following amounts:
 Cancellation:

Total Facility A Commitments: []*

Total Facility B Commitments: []*

Total Facility C1 Commitments: []*

Total Facility C2 Commitments: []*

OR

[We wish to prepay the whole or part of the following Advances which are to be applied against the Facilities in the
 following order:

- (a) Facilities:

Facility A Advance: []*

Facility B Advance: []*

Facility C1 Advance: []*

Facility C2 Advance: []*

- (b) Application of Advance[s]:

Facility A: []*

Facility B: []*

Facility C1: []*

Facility C2: []*

2. Terms defined in the above Credit Agreement have the same meaning in this notice.

* Delete as appropriate.

By:
 [BORROWER]
 Authorised Signatory

FORMS OF ACCESSION DOCUMENTS

PART 1

NOVATION CERTIFICATE

To: [] as Facility Agent and UPC Broadband Holding B.V.

From: [THE EXISTING LENDER] and [THE NEW LENDER]

Date: []

**UPC Broadband Holding B.V.—€3,500,000,000 and US\$347,500,000 and €95,000,000 Term and
Revolving Credit Agreement dated [], 2000**

We refer to Clause 26.3 (Procedure for novations) of the Credit Agreement and clause 9.3 (Transfers by the Lenders) of the Security Deed. Terms defined in the Credit Agreement have the same meaning in this Novation Certificate.

1. We [] (the **Existing Lender**) and [] (the **New Lender**) agree to the Existing Lender and the New Lender novating all the Existing Lender's rights and obligations referred to in the Schedule in accordance with Clause 26.3 (Procedure for novations) of the Credit Agreement and clause 9.3 (Transfers by the Lenders) of the Security Deed.
2. On the date on which this novation becomes effective in accordance with Clause 26.3 (Procedure for novations), the New Lender represents and warrants to the Existing Lender, the Finance Parties and UPC Broadband that it is [a Professional Market Party]/[exempted from the requirement to be a Professional Market Party because it forms part of a closed circle (*besloten kring*) with UPC Broadband]. The specified date for the purposes of Clause 26.3 (Procedures for novations) is []. (1)
3. The Facility Office and address for notices of the New Lender for the purposes of Clause 32.2 (Addresses for notices) are set out in the Schedule.
4. This Novation Certificate may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Novation Certificate.
5. This Novation Certificate is governed by English law.

-
- (1) This representation will be made (and novation will become effective) on the later of the specified date, five Business Days after receipt of a Verification Letter accompanied by a Novation Certificate by the Existing Lender and the New Lender and the date of execution of the Novation Certificate by the Facility Agent.

THE SCHEDULE

Rights and obligations to be novated

[Details of the rights and obligations of the Existing Lender to be novated.]

[New Lender]

[Facility Office

Address for notices for administrative purposes
Address for notices for credit purposes]

[Existing Lender]

[New Lender]

$$[\quad]$$

By:

By:

By:

Date:

Date:

Date:

PART 2

Guarantor Accession Agreement

To: [] as Facility Agent and [] as Security Agent

From: [PROPOSED GUARANTOR]

Date: []

UPC Broadband Holding B.V.—€3,500,000,000 and US\$347,500,000 and €95,000,000 Term and Revolving Credit Agreement dated [], 2000

We refer to Clause 26.4 (Additional Guarantors). Terms defined in the Credit Agreement have the same meaning in this Deed.

We, [name of company] of [Registered Office] (Registered no. []) agree:

- (a) to become an Additional Guarantor and to be bound by the terms of the Credit Agreement as an Additional Guarantor in accordance with Clause 26.4 (Additional Guarantors);
- (b) to become a party to the Security Deed as a Charging Entity and to observe, perform and be bound by the terms and provisions of the Security Deed in the capacity of a Charging Entity in accordance with clause 9.6 (Charging Entities) of the Security Deed; and
- (c) to become a party to the Intercreditor Agreement as a Charging Entity and to observe, perform and be bound by the terms and provisions of the Intercreditor Agreement in the capacity of a Charging Entity in accordance with Clause 8.1 of the Intercreditor Agreement.

Our address for notices for the purposes of Clause 32.2 (Addresses for notices) is:

[]

This Deed is governed by English law.

Executed as a deed by) Director
[PROPOSED GUARANTOR])
acting by) Director/Secretary
and)

FORM OF VERIFICATION LETTER

To: UPC BROADBAND HOLDING B.V.

From: [NEW LENDER] as New Lender

Date: []

Dear Sirs

UPC Broadband Holding B.V.—€3,500,000,000 and US\$347,500,000 and €95,000,000 Term and Revolving Credit Agreement dated [], 2000 (the Credit Agreement)

We refer to the Credit Agreement. Terms defined in the Credit Agreement have the same meaning in this letter.

[[On the date that we become a Lender in accordance with Clause 26.2 (Transfers by Lenders) of the Credit Agreement we will be]/[We are currently a Facility A Lender and we are] a Professional Market Party, because [name of entity] falls within the category [] set out in the schedule to this letter.]

or

[[On the date on which we become a Lender in accordance with Clause 26.2 (Transfers by Lenders) of the Credit Agreement we will be]/[We are currently a Facility A Lender and we are] exempted from the requirement to be a Professional Market Party because we form part of a closed circle (*besloten kring*) with UPC Broadband.](2)

[We enclose with this letter a copy of the documents which provide evidence of this status.](3) /[We are incorporated in [] and act under the supervision of [].](4)

Yours faithfully

[New Lender]

-
- (2) Delete and complete as applicable
 - (3) No evidence is required in the case of institutions falling within category (c) of the schedule to this letter.
 - (4) Institutions falling within category (a) of the schedule to this letter can, rather than providing documentary evidence can provide this confirmation.

THE EXEMPTION REGULATION CATEGORIES

- (a) Banks, insurance companies, securities firms, investment institutions and pension funds that are (i) supervised or licensed under Dutch law or (ii) established and acting under supervision in a European Union member state (other than the Netherlands), Hungary, Monaco, Poland, Puerto Rico, Saudi Arabia, Slovakia, Czech Republic, Turkey, South Korea, the United States of America, Japan, Australia, Canada, Mexico, New Zealand or Switzerland;
- (b) investment institutions which offer their participation rights exclusively to professional market parties and are not required to be supervised or licensed under Dutch law;
- (c) the State of the Netherlands, the Dutch Central Bank, a foreign central government body, a foreign central bank, Dutch regional and local governments and comparable foreign decentralised government bodies, international treaty organisations and supranational organisations;
- (d) enterprises or entities with total assets of at least EUR500,000,000 (or its equivalent in another currency) as per the balance sheet as of the year end preceding the obtaining of the repayable funds;
- (e) enterprises, entities or individuals with net assets (*eigen vermogen*) of at least EUR10,000,000 (or its equivalent in another currency) as of the year end preceding the obtaining of the repayable funds who or which have been active in the financial markets on average twice a month over a period of at least two consecutive years preceding the obtaining of the repayable funds;
- (f) subsidiaries of the entities referred to under paragraph (a) above if those subsidiaries are subject to supervision; and
- (g) an enterprise or institution that has a rating from a rating agency that in the opinion of the Dutch Central Bank is an expert or that issues securities that have a rating from a rating agency that in the opinion of the Dutch Central Bank is an expert.

FORM OF CONFIDENTIALITY UNDERTAKING

PART 1

FORM OF LMA CONFIDENTIALITY UNDERTAKING

LMA CONFIDENTIALITY LETTER (PURCHASER)

[Letterhead of Existing Lender]

To:

[insert name of New Lender]

Re: **The Facility**

Borrowers:

Amount:

Agent:

Dear Sirs

We understand that you are considering participating in the Facility. In consideration of us agreeing to make available to you certain information, by your signature of a copy of this letter you agree as follows:

1. Confidentiality Undertaking

You undertake:

- (a) to keep the Confidential Information confidential and not to disclose it to anyone except as provided for by paragraph 2 below and to ensure that the Confidential Information is protected with security measures and a degree of care that would apply to your own confidential information;
- (b) to keep confidential and not disclose to anyone the fact that the Confidential Information has been made available or that discussions or negotiations are taking place or have taken place between us in connection with the Facility;
- (c) to use the Confidential Information only for the Permitted Purpose;
- (d) to use all reasonable endeavours to ensure that any person to whom we pass any Confidential Information (unless disclosed under sub-paragraph 2(b) below) acknowledges and complies with the provisions of this letter as if that person were also a party to it; and
- (e) not to make enquiries of any member of the Borrower Group or any of their officers, directors, employees or professional advisers relating directly or indirectly to the Facility.

2. Permitted Disclosure

(a) We agree that you may disclose Confidential Information:

- (i) to members of the Participant Group and their officers, directors, employees and professional advisers to the extent necessary for the Permitted Purpose and to any auditors of members of the Participant Group;
- (ii) (A) where requested or required by any court of competent jurisdiction or any competent judicial, governmental, supervisory or regulatory body, (B) where required by the rules of any stock exchange on which the shares or other securities of any member of the Participant Group are listed or (C) where required by the laws or regulations of any country with jurisdiction over the affairs of any member of the Participant Group;
- (iii) with the prior written consent of us and the Borrower.

(b) Notwithstanding any other provision of this letter, any party to this letter (and any of its affiliates, officers, directors, employees, representatives, professional advisers, or other agents) may and has since the commencement of discussions with respect to the Facility been permitted to disclose to any and all persons, without limitation of any kind:

- (i) the **U.S. tax treatment** and **U.S. tax structure** (each as defined below) of the Facility; and
- (ii) all material of any kind (including opinions and other tax analyses) that are provided to such party relating to such U.S. tax treatment or U.S. tax structure,

except to the extent reasonably necessary to comply with applicable federal or state securities laws.

For the purposes of this subsection, the **U.S. tax treatment** of the Facility is the purported or claimed U.S. federal, state and local income tax treatment of the Facility, and the **U.S. tax structure** of the Facility is any fact that may be relevant to understanding the purported or claimed U.S. federal, state and local income tax treatment of the Facility. This authorisation is not intended to permit disclosure of any information (other than information relating to U.S. tax treatment or U.S. tax structure of the Facility) including (without limitation) (i) any portion of any materials to the extent not related to the U.S. tax treatment or U.S. tax structure of the Facility, (ii) the identities of participants or potential participants in the Facility (except to the extent such identities are related to the tax treatment or the U.S. tax structure of the Facility), (iii) the existence or status of any negotiations, (iv) any pricing or financial information (except to the extent such pricing or financial information is related to the U.S. tax treatment or the U.S. tax structure of the Facility), or (v) any other term or detail not relevant to the U.S. tax treatment or the U.S. tax structure of the Facility.

3. Notification of Required or Unauthorised Disclosure

You agree (to the extent permitted by law) to inform us of the full circumstances of any disclosure under sub-paragraph 2(b) or upon becoming aware that Confidential Information has been disclosed in breach of this letter.

4. Return of Copies

If we so request in writing, you shall return all Confidential Information supplied to you by us and destroy or permanently erase all copies of Confidential Information made by you and use all reasonable endeavours to ensure that anyone to whom you have supplied any Confidential Information destroys or permanently erases such Confidential Information and any copies made by them, in each case save to the extent that you or the recipients are required to retain any such Confidential Information by any applicable law, rule or regulation or by any competent judicial, governmental, supervisory or regulatory body or in accordance with internal policy, or where the Confidential Information has been disclosed under sub-paragraph 2(b) above.

5. Continuing Obligations

The obligations in this letter are continuing and, in particular, shall survive the termination of any discussions or negotiations between you and us. Notwithstanding the previous sentence, the obligations in this letter shall cease (a) if you become a party to or otherwise acquire (by assignment or sub-participation) an interest, direct or indirect, in the Facility or (b) 12 months after we have returned all Confidential Information supplied to you by us and destroyed or permanently erased all copies of Confidential Information made by you (other than any such Confidential Information or copies which have been disclosed under paragraph 2 above (other than sub-paragraph 2(a)) or which, pursuant to paragraph 4 above, are not required to be returned or destroyed).

6. No Representation; Consequences of Breach, etc

You acknowledge and agree that:

- (a) neither we nor any of our officers, employees or advisers (each a **Relevant Person**) (i) make any representation or warranty, express or implied, as to, or assume any responsibility for, the accuracy, reliability or completeness of any of the Confidential Information or any other information supplied by us or any member of the Borrower Group or the assumptions on which it is based or (ii) shall be under any obligation to update or correct any inaccuracy in the Confidential Information or any other information supplied by us or any member of the Borrower Group or be otherwise liable to you or any other person in respect to the Confidential Information or any such information; and
- (b) we or members of the Borrower Group may be irreparably harmed by the breach of the terms of this letter and damages may not be an adequate remedy; each Relevant Person or member of the Borrower Group may be granted an injunction or specific performance for any threatened or actual breach of the provisions of this letter by you.

7. No Waiver; Amendments, etc.

This letter sets out the full extent of our obligations of confidentiality owed to us in relation to the information the subject of this letter. No failure or delay in exercising any right, power or privilege under this letter will operate as a waiver thereof nor will any single or partial exercise of any right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privileges under this letter. The terms of this letter and your obligations under this letter may only be amended or modified by written agreement between us.

8. Inside Information

We acknowledge that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation relating to insider dealing and you undertake not to use any Confidential Information for any unlawful purpose.

9. Nature of Undertakings

The undertakings given by you under this letter are given to us and (without implying any fiduciary obligations on our part) are also given for the benefit of the Borrower and each other member of the Borrower Group.

10. Third party rights

- (a) Subject to paragraph 6 and paragraph 9 the terms of this letter may be enforced and relied upon only by you and us and the operation of the Contracts (Rights of Third Parties) Act 1999 is excluded.

- (b) Notwithstanding any provisions of this letter, the parties to this letter do not require the consent of any Relevant Person or any member of the Borrower Group to rescind or vary this letter at any time.

11. Governing Law and Jurisdiction

This letter (including the agreement constituted by your acknowledgement of its terms) shall be governed by and construed in accordance with the laws of England and the parties submit to the non-exclusive jurisdiction of the English courts.

12. Definitions

In this letter (including the acknowledgement set out below):

Borrower Group means UPC Broadband and each of its holding companies and subsidiaries and each subsidiary of each of its holding companies (as each such term is defined in the Companies Act 1985);

Confidential Information means any information relating to a Borrower, the Borrower Group, the Facility including, without limitation, the information memorandum provided to you by us or any of our affiliates or advisers, in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes information that (a) is or becomes public knowledge other than as a direct or indirect result of any breach of this letter or (b) is known by you before the date the information is disclosed to you by us or any of our affiliates or advisers or is lawfully obtained by you thereafter, other than from a source which is connected with the Borrower Group and which, in either case, as far as you are aware, has not been obtained in violation of, and is not otherwise subject to, any obligation of confidentiality;

Participant Group means us, each of your holding companies and subsidiaries and each subsidiary of each of your holding companies (as each such term is defined in the Companies Act 1985); and

Permitted Purpose means considering and evaluating whether to enter into the Facility.

Please acknowledge your agreement to the above by signing and returning the enclosed copy.

Yours faithfully

For and on behalf of

[Arranger]

To: [Existing Lender]

The Borrower and each other member of the Borrower Group

We acknowledge and agree to the above:

For and on behalf of

[New Lender]

FORM OF LSTA CONFIDENTIALITY UNDERTAKING

Master Confidentiality Agreement dated as of [] (this **Agreement**) between [Existing Lender] (the **Existing Lender**) and [New Lender] (the **New Lender**).

This Agreement sets forth the terms and conditions that will apply, in each instance, to the treatment of certain non-public information that the Existing Lender may supply to the New Lender in connection with the consideration by the New Lender of its participating in any financing or proposed financing (a **Financing**) for any borrower or group of borrowers (each a **Borrower**) specified in a Schedule described below.

As used herein: (a) **Evaluation Material** refers to (i) the non-public information furnished to the Existing Lender, including any Information Memorandum, in respect of a particular Financing of a Borrower that the Existing Lender supplies to the New Lender on or after the date of the Schedule in respect of such Financing, (ii) all memoranda, notes, and other documents and analyses (collectively, **analyses**) internally developed by the Existing Lender that it supplies to the New Lender and (iii) all analyses developed by the New Lender using any information specified under clauses (i) and (ii) above; (b) **Internal Evaluation Material** refers to analyses specified under clause (iii) of the definition of Evaluation Material; and (c) **participation** refers to a transfer of a lender's interest in a Financing (or a grant of derivative rights in respect thereof), whether by assignment, participation or otherwise (and **participate** and **participating** shall have correlative meanings thereto).

As a condition to the Existing Lender's furnishing the New Lender with any Evaluation Material in the Existing Lender's possession in respect of a particular Financing, the New Lender shall execute and return to the Existing Lender a schedule, in substantially the form of Exhibit A attached hereto, that the Existing Lender may have completed, executed and delivered to it (a **Schedule**). Each Schedule shall identify the Existing Lender and the New Lender in respect of such Financing and the related Evaluation Material, the name of each Borrower that the New Lender has under consideration and a description of the documentation (the **Operative Documentation**) in respect thereof.

The New Lender in respect of a particular Financing agrees that it will use all Evaluation Material in respect of such Financing solely for the purpose of evaluating its possible participation, or obtaining the participation of another eligible person (an **Additional Assignee**), in such Financing and that the New Lender will use reasonable precautions in accordance with its established procedures to keep such information confidential; provided, however, that any such information may be disclosed to the partners, directors, officers, employees, agents, counsel, auditors, affiliates, advisors and representatives (collectively, **Representatives**) of the New Lender's institution who need to know such information for the purpose of evaluating its participation in such Financing (it being understood that such Representatives shall be informed by the New Lender of the confidential nature of such information and shall be directed by it to treat such information in accordance with the terms of this Agreement) and to any Additional Assignee and its Representatives (provided that such Additional Assignee shall have previously executed and delivered to the New Lender an agreement in substantially the same substance as this Agreement in respect of the Evaluation Material). The New Lender agrees to be responsible for any breach of this Agreement that results from the actions or omissions of its Representatives. Notwithstanding the foregoing, the New Lender will not use such information to obtain an Additional Assignee if otherwise prohibited by agreements binding on the New Lender.

In addition, the New Lender in respect of a particular Financing agrees that prior to the settlement of its participation in such Financing, it will not disclose to any person, other than its Representatives, the identity of the Existing Lender with which discussions or negotiations are taking place concerning the New Lender's possible participation in the related Financing or any of the terms or conditions of such proposed participation. The term **person** as used in this Agreement shall be

broadly interpreted to include the media and any corporation, partnership, group, individual or other entity and, if the New Lender's participation in the Financing would constitute a secondary market transaction, the Borrower.

The New Lender in respect of a particular Financing shall be permitted to disclose any related Evaluation Material (and the fact that such Evaluation Material has been made available to it and that discussions or negotiations are taking place concerning the transaction or any of the terms, conditions or other facts with respect thereto) in the event that the New Lender is required by law or regulation or requested by any governmental agency or other regulatory authority (including any self-regulatory organization having or claiming to have jurisdiction) or in connection with any legal proceedings. The New Lender agrees that it will notify the Existing Lender as soon as practical in the event of any such disclosure (other than as a result of an examination by any regulatory agency), unless such notification shall be prohibited by applicable law or legal process.

The New Lender in respect of a particular Financing and its Representatives shall have no obligation hereunder with respect to any information in any related Evaluation Material to the extent that such information (i) is or becomes generally available to the public other than as a result of a disclosure by the New Lender in violation of this Agreement, (ii) was within the New Lender's possession prior to its being furnished to it pursuant hereto, provided that the source of such information was not known by the New Lender to be bound by a confidentiality agreement with or other contractual, legal or fiduciary obligation of confidentiality to the Borrower or any other party with respect to such information or (iii) is or becomes available to the New Lender on a non-confidential basis from a source other than the Borrower or the Existing Lender, or their respective Representatives, provided that such source is not known by the New Lender to be bound by a confidentiality agreement with or other contractual, legal or fiduciary obligation of confidentiality to the Existing Lender, the Borrower or any other party with respect to such information.

Notwithstanding any other provision of this letter, any party to this letter (and any of its affiliates, officers, directors, employees, representatives, professional advisers, or other agents) may and has since the commencement of discussions with respect to the Facility been permitted to disclose to any and all persons, without limitation of any kind:

- (a) the **U.S. tax treatment** and **U.S. tax structure** (each as defined below) of the Facility; and
 - (b) all material of any kind (including opinions and other tax analyses) that are provided to such party relating to such U.S. tax treatment or U.S. tax structure,
- except to the extent reasonably necessary to comply with applicable federal or state securities laws.

For the purposes of this subsection, the **U.S. tax treatment** of the Facility is the purported or claimed U.S. federal, state and local income tax treatment of the Facility, and the **U.S. tax structure** of the Facility is any fact that may be relevant to understanding the purported or claimed U.S. federal, state and local income tax treatment of the Facility. This authorisation is not intended to permit disclosure of any information (other than information relating to U.S. tax treatment or U.S. tax structure of the Facility) including (without limitation) (i) any portion of any materials to the extent not related to the U.S. tax treatment or U.S. tax structure of the Facility, (ii) the identities of participants or potential participants in the Facility (except to the extent such identities are related to the tax treatment or the U.S. tax structure of the Facility), (iii) the existence or status of any negotiations, (iv) any pricing or financial information (except to the extent such pricing or financial information is related to the U.S. tax treatment or the U.S. tax structure of the Facility), or (v) any other term or detail not relevant to the U.S. tax treatment or the U.S. tax structure of the Facility.

To the extent the Operative Documentation for a particular Financing contains provisions regarding the use of non-public information which conflict with, are more restrictive than or are in addition to the provisions of this Agreement, then (so long as such Operative Documentation shall be

effective as to the Existing Lender) solely with application to any Evaluation Material concerning the Borrower that is the subject of such Financing (and without application hereunder to any other Evaluation Material or otherwise), such provisions of the Operative Documentation shall be incorporated herein by this reference and shall supersede and control the terms of this Agreement to the extent that such provisions are in conflict with or more restrictive than the terms hereof or are in addition to those contained herein. Upon the New Lender's request, the Existing Lender will furnish to the New Lender the provisions of the Operative Documentation for such Financing regarding the use of non-public information. In addition, in the event that the New Lender actually becomes a lender (bound as a party to the Operative Documentation) with respect to a particular Financing, the application of this Agreement in respect of all Evaluation Material in respect of such Financing shall terminate and the applicable confidentiality provisions, if any, contained in the Operative Documentation shall govern and control.

If the New Lender in respect of a particular Financing chooses not to participate in such Financing, the New Lender agrees on request of the Existing Lender to return to the Existing Lender as soon as practical all related Evaluation Material (other than Internal Evaluation Material) or destroy such Evaluation Material (other than Internal Evaluation Material) without retaining any copies thereof unless prohibited from doing so by its internal policies and procedures.

The New Lender in respect of a particular Financing understands and agrees that the Existing Lender will have received the related Evaluation Material from third party sources (including the Borrower) and that the Existing Lender bears no responsibility (and shall not be liable) for the accuracy or completeness (or lack thereof) of such Evaluation Material or any information contained therein.

The New Lender hereby acknowledges that United States securities laws prohibit any person with material, non-public information about an issuer from purchasing or selling securities of such issuer or, subject to certain limited exceptions, from communicating such information to any other person. The New Lender agrees to comply with its internal compliance policies and procedures with respect to material confidential information.

The New Lender agrees that money damages would not be a sufficient remedy for breach of this Agreement, and that in addition to all other remedies available at law or in equity, the Existing Lender shall be entitled to seek equitable relief, including injunction and specific performance, without proof of actual damages.

This Agreement (including each Schedule delivered pursuant hereto and the provisions of any Operative Documentation incorporated herein by reference) embodies the entire understanding and agreement between the parties with respect to all Evaluation Material for each Financing and supersedes all prior understandings and agreements relating thereto. Unless otherwise agreed in writing between the parties hereto, the application of this Agreement shall terminate with respect to all Evaluation Material concerning each Financing on the date falling one year after the Schedule in respect of such Financing.

This Agreement shall be governed by and construed in accordance with the law of the State of New York, without regard to principles of conflicts of law (except Section 5-1401 of the New York General Obligation Law to the extent that it mandates that the law of the State of New York govern).

This Agreement may be signed in counterparts, each of which shall be an original and both of which taken together shall constitute the same instrument.

It is understood by the parties that the custom in the loan syndications and loan trading markets is to execute and deliver any confidentiality agreement, schedule, confirmation or other transaction documents by telecopy or telefax. The parties agree that all telecopied or telefaxed copies of this

Agreement, the Schedules, confirmations and other transaction documents, and signatures hereto and thereto, shall be duplicate originals.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective authorized officers as of the date first written above.

[Existing Lender]

By: _____

Name:
Title:

[New Lender]

By: _____

Name:
Title:

EXHIBIT A

This Schedule, dated as of [], is one of the Schedules referred to in the Master Confidentiality Agreement dated today between [Existing Lender] and [New Lender], Terms used herein, unless defined herein, shall have the respective meanings given them in said Master Confidentiality Agreement.

Name(s) of the Borrower(s): []

Description of the Operative Documentation: []

Existing Lender

[].

By: []

Name:

Title:

Received and accepted as of
the date first written above:

New Lender

[].

By: []

Name:

Title:

SECURITY DOCUMENTS

1. Each share pledge given in favour of the Security Agent by:
 - (a) UPC Holding in respect of its interest in the share capital of UPC Broadband dated 31st October, 2000;
 - (b) UPC Holding in respect of its interest in the share capital of UPC Holding II dated 31st October, 2000;
 - (c) UPC Broadband in respect of its interest in the share capital of UPC Scandinavia Holding B.V. dated 31st October, 2000;
 - (d) UPC Broadband in respect of its interest in the share capital of UPC Austria Holding B.V. (previously called Cable Networks Austria Holding B.V.) dated 31st October, 2000;
 - (e) UPC Broadband in respect of its interest in the share capital of UPC France Holding B.V. dated 31st October, 2000;
 - (f) UPC Broadband in respect of its interest in the share capital of UPC Nederland B.V. dated 31st October, 2000;
 - (g) UPC Broadband in respect of its interest in the share capital of UPC Central Europe Holding B.V. (previously called Stipdon Investments B.V.) dated 31st October, 2000;
 - (h) UPC Scandinavia Holding B.V. in respect of its interest in the share capital of UPC Norge AS dated 31st October, 2000;
 - (i) UPC Scandinavia Holding B.V. and Austria Holding B.V. (previously called Cable Networks Austria Holding B.V.) in respect of their respective interests in the share capital of UPC Belgium SA dated 31st October, 2000;
 - (j) UPC Scandinavia Holding B.V. in respect of its interest in the share capital of NBS Nordic Broadband Services AB dated 31st October, 2000;
 - (k) UPC Central Europe Holding B.V. (previously called Stipdon Investments B.V.) in respect of its interest in the share capital of UPC Czech Holding B.V. dated 31st October, 2000;
 - (l) UPC Central Europe Holding B.V. (previously called Stipdon Investments B.V.) in respect of its interest in the share capital of UPC Slovakia Holding B.V. dated 31st October, 2000;
 - (m) UPC Central Europe Holding B.V. (previously called Stipdon Investments B.V.) in respect of its interest in the share capital of UPC Romania Holding B.V. dated 31st October, 2000;
 - (n) UPC Central Europe Holding B.V. (previously called Stipdon Investments B.V.) in respect of its interests in the share capital of Telekabel Hungary N.V. dated 31st October, 2000;
 - (o) UPC Broadband in respect of its interest in the share capital of UPC Poland Holding B.V. (previously called UPC Telecom B.V.).
2. Pledge by each of UPC Holding and UPC Holding II of its partnership interest in the US Borrower.
3. (a) Obligor Pledge of Shareholder Loans between UPC Broadband, UPC Scandinavia Holding B.V., UPC Central Europe Holdings B.V. (previously called Stipdon Investments B.V.), UPC Nederland B.V. and UPC Financing Partnership and the Security Agent dated 31st October, 2000;

- (b) Pledge of Subordinated Shareholder Loans between UPC Holding and the Security Agent dated 31st October, 2000;
 - (c) Obligor Pledge of Shareholder Loans between UPC Broadband and the Security Agent dated 31st May, 2002;
 - (d) Obligor Pledge of Shareholder Loans between UPC Broadband and the Security Agent dated 2nd December, 2002;
 - (e) Obligor Pledge of Shareholder Loans between UPC Central Europe Holdings B.V. (previously called Stipdon Investments B.V.) and the Security Agent dated 2nd December, 2002;
 - (f) Obligor Pledge of Shareholder Loans between Scandinavia Holding B.V. and the Security Agent dated 2nd December, 2002;
 - (g) Obligor Pledge of Shareholder Loans between UPC Broadband and the Security Agent dated 9th April, 2003;
 - (h) Obligor Pledge of Shareholder Loans between UPC Broadband and the Security Agent in respect of UPC Poland Holding B.V. receivables;
 - (i) Obligor Pledge of Shareholder Loans between UPC Poland Holding B.V. and the Security Agent in respect of UPC Polska LLC receivables;
 - (j) Obligor Pledge of Shareholder Loans between UPC France Holding B.V. and the Security Agent in respect of MediaReseaux receivables; and
 - (k) Obligor Pledge of Shareholder Loans between UPC Broadband and the Security Agent in respect of UPC France Holding SNC receivables.
- 4. Deed of pledge of registered shares in favour of the Security Agent by UPC Broadband over its interest in UGC Europe Holding Services B.V. dated 4th July, 2002.
 - 5. Bank account pledge between UPC Broadband, Fortis Bank (Nederland N.V.) and the Security Agent dated 22nd October, 2001.
 - 6. Securities account pledge between UPC Scandinavia Holding B.V., Fortis Bank (Nederland) N.V. and the Security Agent in relation to the shares in the capital of NBS Nordic Broadband AB.

Relevant Security Interests

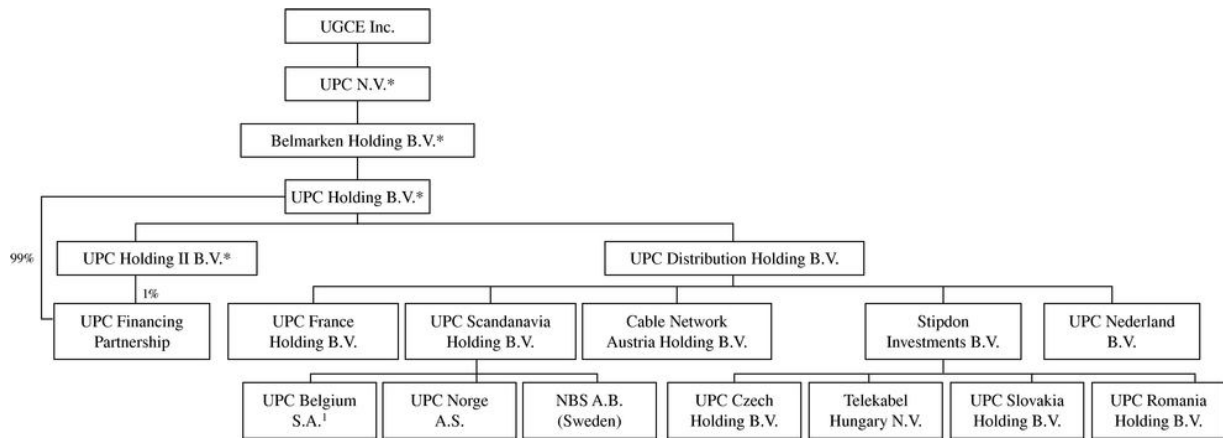
- (A) Security granted in connection with the loan agreement between N.V. Telekabel as Borrower, Bank of America International Limited, Citibank, N.A., Deutsche Bank AG London, Meespierson N.V. and Paribas as Arrangers and others, dated 10th March, 1999 (the **N.V. Telekabel Facility**).
- (B) Security granted in connection with credit facility agreement between Cable Network Brabant Holding B.V. as Borrower and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. as Agent and Initial Lender, dated 20th February, 1998, as amended.
- (C) Security granted in connection with bridge facility agreement between A2000 Holding N.V., Kabeltelevisie Amsterdam B.V. and A2000 Hilversum B.V. as Borrowers and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. as Arranger and Agent, dated 15th December, 1999 (the **A2000 Facility**).
- (D) Security granted in connection with revolving loan facility agreement for NLG90,000,000 between GelreVision Holding B.V. as Borrower, MeesPierson N.V. as Arranger, Facility Agent and Security Agent and others, dated 17th November, 1999.
- (E) Security granted in connection with facility agreement for €250,000,000 between UPC France S.A. and MédiaRéseaux S.A. as Borrowers, Paribas, Crédit Lyonnais S.A and ING Barings as Joint Arrangers, Videopole S.A., CitéRéseau S.A. and InterComm France Holding S.A. as Original Guarantors and Paribas as Facility Agent and Security Agent, dated 7th April, 2000 (the **MédiaRéseaux Facility**).
- (F) Security granted in connection with revolving credit facility agreement for €500,000,000 between UPC Nederland B.V. as Borrower, Chase Manhattan plc and Toronto Dominion Bank Europe Limited as Arrangers, The Chase Manhattan Bank and The Toronto-Dominion Bank as Original Lenders and Toronto Dominion Bank Europe Limited as Agent, dated 9th June, 2000.
- (G) Security granted in connection with loan and note issuance agreement for up to €1,000,000,000 between UPC Facility BV, TeleKabel Wien GmbH and Janco Multicom A/S as Borrowers, the banks, guarantors and arrangers named therein and The Toronto-Dominion Bank as Agent and Security Agent, dated 27th July, 1999 (the **UPCF Facility**).
- (H) Security granted in connection with the Loan agreement and working capital facility for up to KC 510,000,000 between, among others, Dattelkabel A.S. as Borrower, De Nationale Investerings—bank N.V. as Facility Agent and Lenders and Creditanstalt A.S. as Working Capital Bank and Lender, dated 16th June, 1998 and June 1998 respectively.

SCHEDULE 9

Relevant Financial Indebtedness

1. Loan agreement for up to NLG340,000,000 between N.V. Telekabel as Borrower, Bank of America International Limited, Citibank, N.A., Deutsche Bank AG London, MeesPierson N.V. and Paribas, as Arrangers and others, dated 10th March, 1999;
2. Credit facility agreement between Cable Network Brabant Holding B.V. as Borrower and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. as Agent and Initial Lender, dated 20th February, 1998, as amended;
3. Bridge facility agreement between A2000 Holding N.V., Kabeltelevisie Amsterdam B.V. and A2000 Hilversum B.V. as Borrowers and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. as Arranger and Agent, dated 15th December, 1999;
4. Revolving loan facility agreement for NLG90,000,000 between Gelrevisie Holding B.V. as Borrower, MeesPierson N.V. as Arranger, Facility Agent and Security Agent and others, dated 17th November, 1999;
5. Facility agreement for €250,000,000 between UPC France S.A. and Mediareseaux S.A. as Borrowers, Paribas, Crédit Lyonnais S.A. and ING Barings as Joint Arrangers, Videopole S.A., Citéréseau S.A. and InterComm France Holding S.A. as Original Guarantors and Paribas as Facility Agent and Security Agent, dated 7th April, 2000;
6. Revolving credit facility agreement for €500,000,000 between UPC Nederland B.V. as Borrower, Chase Manhattan plc and Toronto Dominion Bank Europe Limited as Arrangers, The Chase Manhattan Bank and The Toronto-Dominion Bank as Original Lenders and Toronto Dominion Bank Europe Limited as Agent, dated 9th June, 2000;
7. Loan and note issuance agreement for up to €1,000,000,000 between UPC Facility B.V., TeleKabel Wien GmbH and Janco Multicom A/S as Borrowers, the banks, guarantors and arrangers named therein and The Toronto-Dominion Bank as Agent and Security Agent, dated 27th July, 1999; and
8. Loan Agreement and working capital facility for up to KC510,000,000 between, among others Dattelkabel A.S. as Borrower, De Nationale Investeringsbank N.V. as Facility Agent and Lender and Creditanstalt A.S. as Working Capital Bank and Lender, dated 16th June, 1998 and June 1998 respectively.

BORROWER GROUP STRUCTURE



* All the asterisked entities are not part of the Borrower Group at the Effective Date. These entities figure on the chart for the sake of clarification.

1. One share in UPC Belgium S.A. is held by Cable Network Austria Holding B.V.

SCHEDULE 11
SHAREHOLDERS' AGREEMENTS

1. Austria

Syndikatsvereinbarung (shareholders agreement) dated 28th June, 1995 among Österreichische Philips Industrie GmbH, Cable Networks Austria Holding B.V. and Kabel-TV-Wien GmbH. (In English and German).

2. France

Stockholders Agreement dated 29th February, 2000 between Belmarken Holding B.V., InterComm France CVOHA, InterComm France II CVOHA and Reflex Participants.

3. The Netherlands

Shareholders' Agreement, dated 6th July, 1995, among The Municipality of Amsterdam, A2000 Holding N.V. and Kabeltelevisie Amsterdam B.V. (in English).

4. Romania

Partnership Agreement between Comtec 2000, Multicanal Holdings S.R.L. and Control SA.

Borrowers

UPC DISTRIBUTION HOLDING B.V.

By: JEREMY EVANS

UPC FINANCING PARTNERSHIP

By: JEREMY EVANS

Original Guarantors

UPC DISTRIBUTION HOLDING B.V.

By: JEREMY EVANS

UPC HOLDING II B.V.

By: JEREMY EVANS

UPC FINANCING PARTNERSHIP

By: JEREMY EVANS

UPC HOLDING B.V.

By: JEREMY EVANS

UPC FRANCE HOLDING B.V.

By: JEREMY EVANS

UPC SCANDINAVIA HOLDING B.V.

By: JEREMY EVANS

Lead Arrangers

CHASE MANHATTAN plc

By: ANN B KERNS

TD BANK EUROPE LIMITED

By: STEPHEN MCPHERSON

ABN AMRO BANK N.V.

By: STEPHEN MCPHERSON

BANK OF AMERICA INTERNATIONAL LIMITED

By: STEPHEN MCPHERSON

BNP PARIBAS

By: STEPHEN MCPHERSON

CIBC WORLD MARKETS plc

By: ANN B KERNS

CRÉDIT LYONNAIS S.A.

By: ANN B KERNS

FORTIS BANK (NEDERLAND) N.V.

By: ANN B KERNS

THE ROYAL BANK OF SCOTLAND plc

By: ANN B KERNS

Lenders

THE CHASE MANHATTAN BANK

By: ANN B KERNS

THE TORONTO-DOMINION BANK

By: STEPHEN MCPHERSON

TORONTO DOMINION (TEXAS), INC.,

By: JANO MOTT

ABN AMRO BANK N.V.

By: STEPHEN MCPHERSON

BNP PARIBAS, BELGIAN BRANCH

By: STEPHEN MCPHERSON

CIBC WORLD MARKETS plc

By: ANN B KERNS

CRÉDIT LYONNAIS S.A.

By: ANN B KERNS

FORTIS BANK (NEDERLAND) N.V.

By: ANN B KERNS

N B INTERNATIONAL FINANCE B.V.

By: STEPHEN MCPHERSON

THE ROYAL BANK OF SCOTLAND plc

By: ANN B KERNS

ABBEEY NATIONAL TREASURY SERVICES PLC

By: A J LYNN

LEHMAN COMMERCIAL PAPER Inc.

By: JENNIFER O'CALLAGHAN

BANCA COMMERCIALE ITALIANA S.p.A.

By: RICHARD ADAMS

RICHARD OLIVER

BEAR STEARNS CORPORATE LENDING INC.

By: KEITH C BARNISH

CITIBANK, N.A.

By: PAUL HOUSE

CREDIT SUISSE FIRST BOSTON

By: MATTHEW VYLE

KAMLESH VARA

DAIMLER CHRYSLER CAPITAL SERVICES (DEBIS) BELGIUM S.A.

By: ANN B KERNS

DLJ CAPITAL FUNDING, INC.

By: THOMAS L NEWBERRY

DRESDNER BANK AG LONDON BRANCH

By: S CLUNIE

M BURNYEAT

HARBOURMASTER LOAN CORPORATION B.V.

By: ANN B KERNS

GOLDMAN SACHS CREDIT PARTNERS, L.P.

By: VIVEK KUMAR

GOLDMAN SACHS CREDIT PARTNERS, L.P.

By: VIVEK KUMAR

THE GOVERNOR AND COMPANY OF THE BANK OF SCOTLAND

By: G MACDONALD

IBM NEDERLAND FINANCIERINGEN B.V.

By: A LUNDQVIST

STEPHEN MCPHERSON

WILLIAM J GALLAGHER

Facility Agent

TD BANK EUROPE LIMITED

By: STEPHEN MCPHERSON

TORONTO DOMINION (TEXAS), INC.,

By: JANO MOTT

Security Agent

TD BANK EUROPE LIMITED

By: STEPHEN MCPHERSON

SIGNATORIES

Borrowers

UPC BROADBAND HOLDING B.V.

By: Jeremy Evans

Dennis Okhuijsen

UPC FINANCING PARTNERSHIP

By: Jeremy Evans

Dennis Okhuijsen

Guarantors

UPC BROADBAND HOLDING B.V.

By: Jeremy Evans

Dennis Okhuijsen

UPC HOLDING II B.V.

By: Jeremy Evans

Dennis Okhuijsen

UPC FINANCING PARTNERSHIP

By: Jeremy Evans

Dennis Okhuijsen

UPC HOLDING B.V.

By: Jeremy Evans

Dennis Okhuijsen

UPC FRANCE HOLDING B.V.

By: Jeremy Evans

Dennis Okhuijsen

UPC SCANDINAVIA HOLDING B.V.

By: Jeremy Evans

Dennis Okhuijsen

UPC AUSTRIA HOLDING B.V.

By: Jeremy Evans

Dennis Okhuijsen

UPC CENTRAL EUROPE HOLDING B.V.

By: Jeremy Evans

Dennis Okhuijsen

UPC NEDERLAND B.V.

By: Jeremy Evans

Dennis Okhuijsen

UPC POLAND HOLDING B.V.

By: Jeremy Evans

Dennis Okhuijsen

Facility Agents

TD BANK EUROPE LIMITED

By: Rory McCarthy

TORONTO DOMINION (TEXAS) LLC

By: Jim Bridwell

Security Agent

TD BANK EUROPE LIMITED

By: Rory McCarthy

QuickLinks

[AMENDMENT AND RESTATEMENT AGREEMENT](#)

ADDITIONAL FACILITY ACCESSION AGREEMENT

To: TD Bank Europe Limited as Facility Agent and Security Agent

From: The banks and financial institutions listed in Schedule 1 to this Agreement (the **Additional Facility G Lenders**)

Date: 9 March 2005

**UPC Broadband Holding B.V. (formerly known as UPC Distribution Holding B.V.)—
€1,072,000,000 Term Credit Agreement
dated 16th January, 2004 as amended and restated from time to time (the Credit Agreement)**

1. Terms defined in the Credit Agreement shall have the same meaning in this Deed.
 2. We refer to Clause 2.2 (Additional Facilities) of the Credit Agreement.
 3. This Agreement will take effect on the date (the **Effective Date**) on which the Facility Agent notifies UPC Broadband and the Additional Facility G Lenders that it has received the documents and evidence set out in Schedule 2 to this Agreement, in each case in form and substance satisfactory to it.
 4. We, the Additional Facility G Lenders, agree:
 - (a) to become party to and to be bound by the terms of the Credit Agreement as Additional Facility Lenders in accordance with Clause 2.2 (Additional Facilities); and
 - (b) to become party to the Security Deed as Lenders and to observe, perform and be bound by the terms and provisions of the Security Deed in the capacity of Lenders in accordance with Clause 9.3 (Transfers by Lenders) of the Security Deed.
 5. On the Effective Date, each Additional Facility G Lender shall represent to the Finance Parties and UPC Broadband that it is either a Professional Market Party or exempted from the requirement to be a Professional Market Party because it forms part of a closed circle (*besloten kring*) with UPC Broadband.
 6. The Additional Facility Commitment of each Additional Facility G Lender (for the purpose of paragraph (a) of the definition of Additional Facility Commitment in the Credit Agreement) is the amount in euros set out opposite its name under the heading "Additional Facility G Commitment" in Schedule 1 to this Agreement.
 7. The Final Maturity Date in respect of this Additional Facility Commitment is 1st April 2010.
 8. Advances under this Additional Facility will be applied:
 - (a) firstly, in permanent prepayment and cancellation of all or part of Facility B and/or Facility C; and
 - (b) secondly, (once Facility B and Facility C have been permanently prepaid and cancelled in full) in permanent prepayment and cancellation of Facility E.
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9. The Availability Period in relation to this Additional Facility is from the date of this Agreement up to and including the day falling three Business Days after the date of this Agreement or such later date as all the Additional Facility G Lenders may agree in writing.
10. The Margin in relation to this Additional Facility is 2.50 per cent. per annum unless adjusted as set out below:
- (a) UPC Broadband will deliver to the Facility Agent, together with its Relevant Financial Statements, a notice referring to this paragraph (a **Margin Notice**) and specifying the ratio of Senior Debt to Annualised EBITDA as calculated in accordance with Clause 17 (Financial Covenants) as at the date to which the most recently delivered Relevant Financial Statements were prepared for the purposes of calculating whether the Margin for an Additional Facility Advance is to be adjusted in accordance with this paragraph.
- (b) The Margin for Advances under this Additional Facility will be adjusted to the percentage rates per annum set out in column (1) opposite the range set out in column (2) below into which the ratio of Senior Debt to Annualised EBITDA, as shown in the Margin Notice, falls:

(1) Margin	(2) Senior Debt/Annualised EBITDA ratio
2.50%	> 3.5:1
2.25%	= 3.0:1 - 3.5:1
2%	< 3.0:1

- (c) The adjustment (if any) specified in (b) above will apply to the Margin for all such Advances with immediate effect on the date the relevant Margin Notice (or, if later, the related Relevant Financial Statements) is delivered to the Facility Agent.
- (d) If UPC Broadband fails to deliver a Margin Notice in accordance with paragraph (a) above the Margin with effect from the last date permitted for delivery of the Relevant Financial Statements will be the Margin prior to any adjustment under paragraph (b) above provided that if that Margin Notice is delivered later, the Margin will be adjusted in accordance with this paragraph with effect from the date falling five Business Days after the Margin Notice (or, if later, the related Relevant Financial Statements) is delivered.
- (e) In this paragraph, **Relevant Financial Statements** means each set of quarterly financial statements delivered under Clause 16.2(b) (Financial Statements) of the Credit Agreement.
11. There is no commitment fee in relation to this Additional Facility.
12. The Borrower in relation to this Additional Facility is UPC Broadband.
13. We confirm to each Finance Party that:
- (f) we have made our own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its
-

participation in the Credit Agreement and have not relied on any information provided to us by a Finance Party in connection with any Finance Document; and

- (g) we will continue to make our own independent appraisal of the creditworthiness of each Obligor and its related entities while any amount is or may be outstanding under the Credit Agreement or any Commitment is in force.

14. The Facility Office and address for notices of each Additional Facility G Lender for the purposes of Clause 32.2 (Addresses for notices) will be that notified by each Additional Facility G Lender to the Facility Agent.
 15. Each Facility G Lender agrees to waive the notice period in respect of drawdown requests under Clause 5.1 of the Credit Agreement such that a Request (as defined in the Credit Agreement) in relation to an Advance under this Additional Facility shall be delivered one Business Day prior to the Utilisation Date.
 16. Each Additional Facility G Lender consents in principle, and subject to satisfactory documentation, to the merger of the Credit Agreement and the Existing Facility Agreement into a single document.
 17. This Agreement is governed by English law.
 18. This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.
-

SIGNATORIES

UPC BROADBAND HOLDING B.V. as Borrower

By: Dennis Okhuijsen Jeremy Evans

TD BANK EUROPE LIMITED as Facility Agent

By: Rory McCarthy

TD BANK EUROPE LIMITED as Security Agent

By: Rory McCarthy

THE ADDITIONAL FACILITY G LENDERS

ABN AMRO BANK N.V.

By: Stephen Weiss Michael Hood

BANK OF AMERICA, N.A.

By: Dilys Robertson

BANK OF NEW YORK

By: Jason Garwood

BANK OF SCOTLAND

By: James Melvin

BARCLAYS BANK PLC

By: Cliff Baylis

BEAR STEARNS CORPORATE LENDING INC.

By: Victor Bulzacchelli

BNP PARIBAS

By: L Beghin

CALYON

By: Robert Wallin Frederic de Toldi

CITIBANK, N.A.

By: Matthew Holland

DEUTSCHE BANK AG, LONDON BRANCH

By: Mark Dixon Peter Cowen

EXPORT DEVELOPMENT CANADA

By: Louise Gagnon Michael J. Fortner

FORTIS BANK (NEDERLAND) N.V.

By: M.C. Kleibergen M.M. Messer

GE FINANCE PARTICIPATIONS SAS

By: Eva Ackerholm

HSBC

By: Michael J Sergison

ING BANK N.V.

By: Rory McCarthy (as attorney)

NATEXIS BANQUES POPULAIRES

By: Rory McCarthy (as attorney)

THE ROYAL BANK OF SCOTLAND PLC

By: Giles Reaney

SOCIÉTÈ GENÈRALE

By: Rory McCarthy (as attorney)

SUMITOMO MITSUI BANKING CORPORATION

By: Rory McCarthy (as attorney)

TD (TEXAS) LLC

By: Jim Bridwell

THE TORONTO DOMINION BANK

By: Rory McCarthy

UBS LIMITED

By: A. Sudlow J. Campbell

SCHEDULE 1
ADDITIONAL FACILITY G LENDERS AND COMMITMENTS

Additional Facility G Lender	Facility G Commitment (€)
ABN Amro Bank N.V.	43,140,825
Bank of America, N.A.	60,200,000
Bank of New York	35,000,000
Bank of Scotland	30,702,000
Barclays Bank Plc	38,500,000
Bear Stearns Corporate Lending Inc.	17,500,000
BNP Paribas	103,340,825
CALYON	84,280,000
Citibank, N.A.	30,100,000
Deutsche Bank AG, London Branch	46,000,000
Export Development Canada	6,000,000
Fortis Bank (Nederland) N.V.	50,750,000
GE Finance Participations SAS	60,200,000
HSBC	57,159,775
ING Bank N.V.	65,138,575
Natexis Banques Populaires	11,000,000
The Royal Bank of Scotland PLC	80,668,000
Soci�t� Gen�rale	39,000,000
Sumitomo Mitsui Banking Corporation	45,000,000
TD (Texas) LLC	21,000,000
The Toronto Dominion Bank	57,260,000
UBS Limited	18,060,000
Total	1,000,000,000

SCHEDULE 2
CONDITIONS PRECEDENT DOCUMENTS

1. Constitutional Documents

- (a) A copy of the constitutional documents of each Obligor (other than UPC Financing) and the partnership agreement of UPC Financing or, if the Facility Agent already has a copy, a certificate of an authorised signatory of the relevant Obligor confirming that the copy in the Facility Agent's possession is still correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.
- (b) An extract of the registration of each Obligor established in the Netherlands in the trade register of the Dutch chamber of commerce.

2. Authorisations

- (a) A copy of a resolution of the board of managing and, to the extent applicable, board of supervisory directors (or equivalent) and, to the extent that a shareholders' resolution is required, a copy of the shareholders' resolution of each Obligor:
 - (i) approving the terms of and the transactions contemplated by this Agreement and (in the case of UPC Broadband) resolving that it execute the same; and
 - (ii) in the case of UPC Broadband, authorising the issuance of a power of attorney to a specified person or persons to execute this Agreement on its behalf.
- (b) In the case of UPC Broadband, a specimen of the signature of each person authorised pursuant to its constitutional documents or to the power of attorney referred to in paragraph (a) above to sign this Agreement.
- (c) A certificate of an authorised signatory of UPC Broadband certifying that each copy document specified in this Schedule and supplied by UPC Broadband is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.
- (d) A copy of any other authorisation or other document, opinion or assurance which the Facility Agent has notified UPC Broadband is necessary in connection with the entry into and performance of, and the transactions contemplated by, this Agreement or for the validity and enforceability of this Agreement.

3. Legal opinions

- (a) A legal opinion of Allen & Overy LLP, London, English legal advisers to the Facility Agent.
- (b) A legal opinion of Allen & Overy LLP, Amsterdam, Dutch legal advisers to the Facility Agent.

4. Other documents

- (a) Confirmation (in writing) from:
 - (i) each of the Guarantors that its obligations under Clause 14 (Guarantee) of the Credit Agreement and
 - (ii) each of the Charging Entities (as defined in the Security Deed) that the Security Interests granted to the Beneficiaries pursuant to the Security Documents and its obligations under the Finance Documents,

shall continue unaffected and that such obligations extend to the Total Commitments as increased by the addition of this Additional Facility and that such obligations shall be owed to each Finance Party including the Lenders under this Additional Facility.

- (b) Confirmation that all conditions precedent in relation to the amendment and restatement of the Credit Agreement and the Existing Facility Agreement have been satisfied and that such amendment and restatement agreements are effective.
 - (c) Evidence that UPC Broadband has delivered a duly completed Cancellation Notice to the Facility Agent giving notice of prepayment and cancellation of the relevant portion of the outstanding advances under Facility B and/or Facility C/and/or Facility E (as the case may be).
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[ADDITIONAL FACILITY ACCESSION AGREEMENT](#)

ADDITIONAL FACILITY ACCESSION AGREEMENT

To: TD Bank Europe Limited as Facility Agent and Security Agent

From: The banks and financial institutions listed in Schedule 1 to this Agreement (the **Facility H Lenders**)

Date: 7 March, 2005

UPC Broadband Holding B.V. (formerly known as UPC Distribution Holding B.V.)—€1,072,000,000 Term Credit Agreement dated 16th January, 2004 as amended and restated on 24th June, 2004, as amended by amendment letters dated 22nd July, 2004 and 2nd December, 2004 and as subsequently amended and restated on 7th March, 2005 (the Credit Agreement)

1. In this Agreement:

Facility E means the €1,021,852,984.33 Additional Facility set out in the Additional Facility Accession Agreement dated 24 June 2004.

Facility H1 means the €550,000,000 term loan Facility which forms a sub-tranche of this Additional Facility.

Facility H1 Advance means the euro denominated Advance made to UPC Financing Partnership (**UPC Financing**) under Facility H1.

Facility H1 Commitment means, in relation to a Facility H Lender, the amount in euro set opposite its name under the heading "Facility H1 Commitment" in Schedule 1 to the counterpart to this Agreement executed by that Facility H Lender.

Facility H2 means the US\$1,250,000,000 term loan Facility which forms a sub-tranche of this Additional Facility.

Facility H2 Advance means the US Dollar denominated Advance made to UPC Financing under Facility H2.

Facility H2 Commitment means, in relation to a Facility H Lender, the amount in US Dollars set opposite its name under the heading "Facility H2 Commitment" in Schedule 1 to the counterpart to this Agreement executed by that Facility H Lender.

Facility H means Facility H1 and Facility H2.

Facility H Advance means a Facility H1 Advance or a Facility H2 Advance.

Facility H Commitment means a Facility H1 Commitment and/or a Facility H2 Commitment.

Majority Facility H Lenders means the Facility H Lenders the aggregate of whose Facility H1 Commitments and Facility H2 Commitments (translated into US Dollars on the basis of the Agent's spot Rate of Exchange on the date of this Agreement) exceeds $66\frac{2}{3}$ per cent. of the aggregate Facility H1 Commitments and Facility H2 Commitments (translated into US Dollars on the basis of the Agent's spot Rate of Exchange on the date of this Agreement).

2. Unless otherwise defined in this Agreement, terms defined in the Credit Agreement shall have the same meaning in this Agreement.

3. We refer to Clause 2.2 (Additional Facilities) of the Credit Agreement.

4. This Agreement will take effect at the time (the **Effective Time**) when the Facility Agent notifies UPC Broadband and the Facility H Lenders that it has received the documents and evidence set out in Schedule 2 to this Agreement, in each case in form and substance satisfactory to it or, as the case may be, the requirement to provide any of such documents or evidence has been waived by the Majority Facility H Lenders.
5. We, the Facility H Lenders, agree:
- (a) to become party to and to be bound by the terms of the Credit Agreement as Additional Facility Lenders in accordance with Clause 2.2 (Additional Facilities); and
 - (b) to become a party to the Security Deed as Lenders and to observe, perform and be bound by the terms and provisions of the Security Deed in the capacity of Lenders in accordance with clause 9.3 (Transfers by Lenders) of the Security Deed.
6. The Additional Facility Commitment in relation to a Facility H Lender (for the purpose of paragraph (a) of the definition of Additional Facility Commitment in Clause 1.1 of the Credit Agreement) is its Facility H1 Commitment and/or Facility H2 Commitment, as appropriate.
7. Each Facility H Advance will be applied:
- (a) firstly, in permanent prepayment and cancellation of all or part of Facility B and/or Facility C; and
 - (b) secondly, (once Facility B and Facility C have been permanently prepaid and cancelled in full):
 - (i) to finance Permitted Acquisitions of assets in Slovenia and/or the Republic of Ireland; and
 - (ii) in permanent prepayment and cancellation of Facility E.
8. The Final Maturity Date in respect of this Additional Facility is 30th September, 2012.
9. (a) The Availability Period in relation to this Additional Facility is the period from the Effective Time to the close of business in London on the date after the Effective Time occurs.
- (b) This Additional Facility shall be drawn by a single Advance for each of Facility H1 and Facility H2. The Facility H1 Advance and the Facility H2 Advance shall be drawn on the same date and no more than one Request may be made for each of the Facility H1 Advance or the Facility H2 Advance.
10. (a) The Margin for Facility H Advances is 2.75 per cent. per annum until the date falling six months after the date of this Agreement and thereafter shall be adjusted in accordance with the following provisions of this paragraph.
- (b) UPC Broadband will deliver to the Facility Agent, together with its Relevant Financial Statements, a notice referring to this paragraph (a **Margin Notice**) and specifying the ratio of Senior Debt to Annualised EBITDA as calculated in accordance with Clause 17 (Financial Covenants) as at the date to which the related Relevant Financial Statements were prepared for the purposes of calculating whether the Margin for Facility H Advances is to be adjusted in accordance with this paragraph.

- (c) The Margin for Facility H Advances will be adjusted to the percentage rates per annum set out in column (1) opposite the range set out in column (2) below into which the ratio of Senior Debt to Annualised EBITDA, as shown in the Margin Notice, falls:

(1) Margin	(2) Senior Debt/Annualised EBITDA ratio
2.75%	³ 4.00:1
2.50%	< 4.00:1

- (d) The adjustment (if any) specified in (c) above will apply to the Margin for all such Advances with immediate effect on the date the relevant Margin Notice (or, if later, the related Relevant Financial Statements) is delivered to the Facility Agent.
- (e) If UPC Broadband fails to deliver a Margin Notice in accordance with paragraph (b) above the Margin with effect from the last date permitted for delivery of the Relevant Financial Statements will be as stated in paragraph (a) above provided that if that Margin Notice is delivered later, the Margin will be adjusted in accordance with this paragraph with effect from the date falling five Business Days after the Margin Notice (or, if later, the related Relevant Financial Statements) is delivered.
- (f) In this paragraph, **Relevant Financial Statements** means each set of quarterly financial statements delivered under Clause 16.2(b) (Financial Statements) of the Credit Agreement.

11. Any Interest due in relation to Facility H will be payable on the last day of each Interest Period in accordance with Clause 8 of the Credit Agreement, and in any event not less than quarterly.
12. There is no commitment fee in relation to this Additional Facility.
13. The Borrower in relation to Facility H1 and Facility H2 is UPC Financing.
14. Where a Facility H Lender assigns, transfers or novates its rights and/or obligations in relation to Facility H under Clause 26.2 (Transfers by Lenders) of the Credit Agreement, such assignment, transfer or novation shall be in a minimum amount of €500,000 (in the case of Facility H1) and US\$500,000 (in the case of Facility H2).
15. (a) The representations and warranties set out in Clause 15 (Representations and Warranties) of the Credit Agreement (with the exception of Clauses 15.6(a) (Consents), 15.10 (Financial condition), 15.12 (Security Interests), 15.13(b) (Litigation and insolvency proceedings), 15.14 (Business Plan), 15.15 (Tax liabilities), 15.16 (Ownership of assets), 15.20 (ERISA), 15.24 (UPC Financing) and 15.25 (Dutch Banking Act)) are true and correct as if made at the Effective Time with reference to the facts and circumstances then existing, and as if each reference to the Finance Documents includes a reference to this Agreement.
- (b) UPC Broadband represents and warrants to each Finance Party that, to the best of its knowledge after due inquiry, as of the date of the information memorandum (the **Information Memorandum**) prepared in February 2005 in connection with the syndication of Facility H:
- (i) the factual information relating to the Borrower Group and UPC contained in the Information Memorandum is accurate in all material respects;
- (ii) all UPC Financing and UPC Broadband's projections and forecasts contained in the Information Memorandum were based on and arrived at after due and careful consideration and have been prepared by UPC Financing and UPC Broadband on the basis of assumptions that UPC Financing and UPC Broadband believed were reasonable as of the date of the projections; and

- (iii) there are no material facts or circumstances which have not been disclosed to the Facility H Lenders in writing prior to the date of the Information Memorandum and which would make any material factual information referred to in (i) above untrue, inaccurate or misleading in any material respect as at the date of the Information Memorandum, or any such opinions, projections, or assumptions referred to in (ii) above misleading in any material respect as at the date of the Information Memorandum,

provided that it is understood that information in the Information Memorandum which is provided as of a specified date or for a specified period is in all material respects accurate as of such date or for such period and was not, when prepared, misleading to the best of UPC Financing and UPC Broadband's knowledge and belief in any material respect as of such date or for such specified period.

- (c) Notwithstanding paragraph (b) above, no representation is made in respect of (i) any information, facts, statements, opinions, projections, forecasts, demographic statistics or circumstances relating to the cable, media, telecommunications and data services industry as a whole or (ii) any person other than UPC and any member of the Borrower Group.

16. We confirm to each Finance Party that:

- (i) we have made our own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in the Credit Agreement and have not relied on any information provided to us by a Finance Party in connection with any Finance Document; and
- (ii) we will continue to make our own independent appraisal of the creditworthiness of each Obligor and its related entities while any amount is or may be outstanding under the Credit Agreement or any Commitment is in force.

17. Each Facility H Lender consents in principle, and subject to satisfactory documentation, to the merger of the Credit Agreement and the Existing Facility Agreement into a single document.

18. Each Facility H Lender waives the notice period in respect of drawdown requests under Clause 5.1 of the Credit Agreement.

19. The Facility Office and address for notices of each Facility H Lender for the purposes of Clause 32.2 (Addresses for notices) will be that notified by each Facility H Lender to the Facility Agent.

20. This Agreement is governed by English law.

21. This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

SCHEDULE 1

FACILITY H LENDERS AND COMMITMENTS

Facility H Lender	Facility H1 Commitment		Facility H2 Commitment	
Bank of America, N.A.	€	550,000,000	US\$	1,250,000,000
Total	€	550,000,000	US\$	1,250,000,000

CONDITIONS PRECEDENT DOCUMENTS

1. Constitutional Documents

- (a) A copy of the constitutional documents of each Obligor (other than UPC Financing) and the partnership agreement of UPC Financing or, if the Facility Agent already has a copy, a certificate of an authorised signatory of the relevant entity confirming that the copy in the Facility Agent's possession is still correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.
- (b) An extract of the registration of each Obligor established in the Netherlands in the trade register of the Dutch Chamber of Commerce.

2. Authorisations

- (a) A copy of a resolution of the board of managing and, to the extent applicable, board of supervisory directors (or equivalent) and, to the extent that a shareholders' resolution is required, a copy of the shareholders' resolution of each Obligor:
 - (i) approving the terms of and the transactions contemplated by this Agreement and (in the case of UPC Broadband and UPC Financing) resolving that it execute the same and (in the case the Guarantors and the Charging Entities (as defined in the Security Deed)) resolving that it execute the confirmation described in paragraph 4(b) below; and
 - (ii) (in the case of UPC Broadband and UPC Financing) authorising the issuance of a power of attorney to a specified person or persons to execute this Agreement on its behalf and (in the case of the Guarantors and the Charging Entities (as defined in the Security Deed)) authorising the issuance of a power of attorney to a specified person or persons to execute the confirmation described in paragraph 4(b) below.
- (b) Specimen of the signature of each person authorised pursuant to its constitutional documents or to the power of attorney referred to in paragraph (a) above to sign this Agreement or the confirmation described in paragraph 4(b) below (as appropriate).
- (c) A certificate of an authorised signatory of UPC Broadband and UPC Financing certifying that each copy document specified in this Schedule and supplied by UPC Broadband or UPC Financing (as the case may be) is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.
- (d) A copy of any other authorisation or other document, opinion or assurance which the Facility Agent has notified UPC Broadband is necessary in connection with the entry into and performance of, and the transactions contemplated by, this Agreement or for the validity and enforceability of this Agreement.

3. Legal opinions

- (a) A legal opinion of Allen & Overy LLP, English legal advisers to the Facility Agent, addressed to the Finance Parties.
- (b) A legal opinion of Allen & Overy LLP, New York legal advisers to the Facility Agent, addressed to the Finance Parties.
- (c) A legal opinion of Allen & Overy LLP, Dutch legal advisers to the Facility Agent, addressed to the Finance Parties.

4. Other documents

- (a) A copy of the Business Plan delivered under the Credit Agreement, extended and updated to include the period up to and including 30 September 2012.
- (b) Confirmation (in writing) from (i) each of the Guarantors that its obligations under Clause 14 (Guarantee) of the Credit Agreement and (ii) each of the Charging Entities (as defined in the Security Deed) that the Security Interests granted to the Beneficiaries pursuant to the Security Documents and its obligations under the Finance Documents, shall continue unaffected and that such obligations extend to the Total Commitments as increased by the addition of Facility H and that such obligations shall be owed to each Finance Party including the Facility H Lenders.
- (c) Evidence that UPC Broadband has delivered a duly completed Cancellation Notice (as defined in the Existing Facility Agreement) to the Existing Facility Agents giving notice of prepayment and cancellation of the whole of the outstanding advances under Facility B and Facility C.
- (d) Confirmation that all conditions precedent in relation to the amendment and restatement of the Credit Agreement and Existing Facility Agreement have been satisfied and that such amendment and restatement agreements are effective.

SIGNATORIES

BANK OF AMERICA, N.A.

By: Jonathan Pearson

TD BANK EUROPE LIMITED as Facility Agent

By: Rory McCarthy

TD BANK EUROPE LIMITED as Security Agent

By: Rory McCarthy

UPC BROADBAND HOLDING B.V.

By: Jeremy Evans Dennis Okhuijsen

UPC FINANCING PARTNERSHIP

By: Jeremy Evans Dennis Okhuijsen

QuickLinks

[ADDITIONAL FACILITY ACCESSION AGREEMENT](#)

ADDITIONAL FACILITY ACCESSION AGREEMENT

To: TD Bank Europe Limited as Facility Agent and Security Agent

From: The banks and financial institutions listed in Schedule 1 to this Agreement (the **Additional Facility I Lenders**)

Date: 9 March 2005

**UPC Broadband Holding B.V. (formerly known as UPC Distribution Holding B.V.)—
€1,072,000,000 Term Credit Agreement
dated 16th January, 2004 as amended and restated from time to time (the Credit Agreement)**

1. Terms defined in the Credit Agreement shall have the same meaning in this Deed.
 2. We refer to Clause 2.2 (Additional Facilities) of the Credit Agreement.
 3. This Agreement will take effect on the **Effective Date**. The Effective Date being the later of (a) the date on which the Facility Agent notifies UPC Broadband and the Additional Facility I Lenders that it has received the documents and evidence set out in Schedule 2 to this Agreement, in each case in form and substance satisfactory to it and (b) the date on which the Cancellation Notice referred to in paragraph 4(c) of Schedule 2 to this Agreement becomes effective.
 4. We, the Additional Facility I Lenders, agree:
 - (a) to become party to and to be bound by the terms of the Credit Agreement as Additional Facility Lenders in accordance with Clause 2.2 (Additional Facilities); and
 - (b) to become party to the Security Deed as Lenders and to observe, perform and be bound by the terms and provisions of the Security Deed in the capacity of Lenders in accordance with Clause 9.3 (Transfers by Lenders) of the Security Deed.
 5. On the Effective Date, each Additional Facility I Lender shall represent to the Finance Parties and UPC Broadband that it is either a Professional Market Party or exempted from the requirement to be a Professional Market Party because it forms part of a closed circle (*besloten kring*) with UPC Broadband.
 6. The Additional Facility Commitment of each Additional Facility I Lender (for the purpose of paragraph (a) of the definition of Additional Facility Commitment in the Credit Agreement) is the amount in euros set out opposite its name under the heading "Additional Facility I Commitment" in Schedule 1 to this Agreement.
 7. This Additional Facility shall comprise a committed €500,000,000 term loan facility which shall be capable of being reborrowed in relation to any sums that are prepaid in accordance with Clause 7.11(d) (*Miscellaneous provisions*) provided that the Borrower shall not deliver a Request in relation to this Additional Facility if as a result of the proposed Request more than 10 Advances under Additional Facility I would be outstanding.
 8. The Final Maturity Date in respect of this Additional Facility Commitment is 1st April 2010.
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9. Advances under this Additional Facility shall be applied to finance the general corporate and working capital requirements of the Borrower Group including, without limitation, repayment or prepayment of any Facilities or Existing Facilities.
10. The Availability Period in relation to this Additional Facility shall be the period from and including the date of this Accession Agreement up to and including the Additional Facility I Final Maturity Date or such later date as all the Additional Facility I Lenders may agree in writing.
11. The Margin in relation to this Additional Facility is 2.50 per cent. per annum unless adjusted as set out below:
 - (a) UPC Broadband will deliver to the Facility Agent, together with its Relevant Financial Statements, a notice referring to this paragraph (a **Margin Notice**) and specifying the ratio of Senior Debt to Annualised EBITDA as calculated in accordance with Clause 17 (Financial Covenants) as at the date to which the most recently delivered Relevant Financial Statements were prepared for the purposes of calculating whether the Margin for an Additional Facility Advance is to be adjusted in accordance with this paragraph.
 - (b) The Margin for Advances under this Additional Facility will be adjusted to the percentage rates per annum set out in column (1) opposite the range set out in column (2) below into which the ratio of Senior Debt to Annualised EBITDA, as shown in the Margin Notice, falls:

(1) Margin	(2) Senior Debt/Annualised EBITDA ratio
2.50%	> 3.5:1
2.25%	= 3.0:1 - 3.5:1
2%	< 3.0:1

- (c) The adjustment (if any) specified in (b) above will apply to the Margin for all such Advances with immediate effect on the date the relevant Margin Notice (or, if later, the related Relevant Financial Statements) is delivered to the Facility Agent.
 - (d) If UPC Broadband fails to deliver a Margin Notice in accordance with paragraph (a) above the Margin with effect from the last date permitted for delivery of the Relevant Financial Statements will be the Margin prior to any adjustment under paragraph (b) above provided that if that Margin Notice is delivered later, the Margin will be adjusted in accordance with this paragraph with effect from the date falling five Business Days after the Margin Notice (or, if later, the related Relevant Financial Statements) is delivered.
 - (e) In this paragraph, **Relevant Financial Statements** means each set of quarterly financial statements delivered under Clause 16.2(b) (Financial Statements) of the Credit Agreement.
12. The Borrower shall pay to the Facility Agent for distribution to each Additional Facility I Lender in accordance with Clause 20.1(b) (Commitment fee) a commitment fee in an amount equal to 0.75 per cent of the undrawn uncanceled portion of the Total Additional Facility I

Commitment. Such commitment fee shall be calculated and shall accrue on a daily basis and shall be payable on the Effective Date and thereafter quarterly in arrears.

13. The Borrower in relation to this Additional Facility is UPC Broadband.
 14. We confirm to each Finance Party that:
 - (f) we have made our own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in the Credit Agreement and have not relied on any information provided to us by a Finance Party in connection with any Finance Document; and
 - (g) we will continue to make our own independent appraisal of the creditworthiness of each Obligor and its related entities while any amount is or may be outstanding under the Credit Agreement or any Commitment is in force.
 15. The Facility Office and address for notices of each Additional Facility I Lender for the purposes of Clause 32.2 (Addresses for notices) will be that notified by each Additional Facility I Lender to the Facility Agent.
 16. Each Additional Facility I Lender consents in principle, and subject to satisfactory documentation, to the merger of the Credit Agreement and the Existing Facility Agreement into a single document.
 17. This Agreement is governed by English law.
 18. This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.
-

SIGNATORIES

UPC BROADBAND HOLDING B.V. as Borrower

By: Dennis Okhuijsen Jeremy Evans

TD BANK EUROPE LIMITED as Facility Agent

By: Rory McCarthy

TD BANK EUROPE LIMITED as Security Agent

By: Rory McCarthy

THE ADDITIONAL FACILITY I LENDERS

ABN AMRO BANK N.V.

By: Stephen Weiss Michael Hood

BANK OF AMERICA, N.A.

By: Dilys Robertson

BANK OF NEW YORK

By: Jason Garwood

BANK OF SCOTLAND

By: James Melvin

BARCLAYS BANK PLC

By: Cliff Baylis

BEAR STEARNS CORPORATE LENDING INC.

By: Victor Bulzacchelli

BNP PARIBAS

By: L. Beghin

CALYON

By: Robert Wallin Frederic de Toldi

CITIBANK, N.A.

By: Matthew Holland

DEUTSCHE BANK AG, LONDON BRANCH

By: Mark Dixon Peter Cowen

EXPORT DEVELOPMENT CANADA

By: Louise Gagnon Michael J. Fortner

FORTIS BANK (NEDERLAND) N.V.

By: M.C. Kleibergen M.M. Messer

GE FINANCE PARTICIPATIONS SAS

By: Eva Akerholm

HSBC

By: Michael J Sergison

ING BANK N.V.

By: Rory McCarthy (as attorney)

JP MORGAN CHASE

By: Peter Jaffe

NATEXIS BANQUES POPULAIRES

By: Rory McCarthy (as attorney)

THE ROYAL BANK OF SCOTLAND PLC

By: Giles Reaney

SUMITOMO MITSUI BANKING CORPORATION

By: Rory McCarthy (as attorney)

TD (TEXAS) LLC

By: Jim Bridwell

THE TORONTO DOMINION BANK

By: Rory McCarthy

UBS LIMITED

By: A. Sudlow J. Campbell

SCHEDULE 1
ADDITIONAL FACILITY I LENDERS AND COMMITMENTS

Additional Facility I Lender	Facility I Commitment (€)
ABN Amro Bank N.V.	25,659,175
Bank of America, N.A.	32,970,250
Bank of New York	15,000,000
Bank of Scotland	16,512,000
Barclays Bank Plc	16,500,000
Bear Stearns Corporate Lending Inc.	7,500,000
BNP Paribas	51,459,175
CALYON	49,290,250
Citibank, N.A.	16,997,286
Deutsche Bank AG, London Branch	29,000,000
Expert Development Canada	4,000,000
Fortis Bank (Nederland) N.V.	21,750,000
GE Finance Participations SAS	28,165,887
HSBC	23,616,695
ING Bank N.V.	33,761,425
JP Morgan Chase	19,795,608
Natexis Banques Populaires	5,000,000
The Royal Bank of Scotland PLC	41,742,250
Sumitomo Mitsui Banking Corporation	20,000,000
TD (Texas) LLC	9,000,000
The Toronto Dominion Bank	24,540,000
UBS Limited	7,740,000
Total	500,000,000

SCHEDULE 2
CONDITIONS PRECEDENT DOCUMENTS

1. Constitutional Documents

- (a) A copy of the constitutional documents of each Obligor (other than UPC Financing) and the partnership agreement of UPC Financing or, if the Facility Agent already has a copy, a certificate of an authorised signatory of the relevant Obligor confirming that the copy in the Facility Agent's possession is still correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.
- (b) An extract of the registration of each Obligor established in the Netherlands in the trade register of the Dutch chamber of commerce.

2. Authorisations

- (a) A copy of a resolution of the board of managing and, to the extent applicable, board of supervisory directors (or equivalent) and, to the extent that a shareholders' resolution is required, a copy of the shareholders' resolution of each Obligor:
 - (i) approving the terms of and the transactions contemplated by this Agreement and (in the case of UPC Broadband) resolving that it execute the same; and
 - (ii) in the case of UPC Broadband, authorising the issuance of a power of attorney to a specified person or persons to execute this Agreement on its behalf.
- (b) In the case of UPC Broadband, a specimen of the signature of each person authorised pursuant to its constitutional documents or to the power of attorney referred to in paragraph (a) above to sign this Agreement.
- (c) A certificate of an authorised signatory of UPC Broadband certifying that each copy document specified in this Schedule and supplied by UPC Broadband is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.
- (d) A copy of any other authorisation or other document, opinion or assurance which the Facility Agent has notified UPC Broadband is necessary in connection with the entry into and performance of, and the transactions contemplated by, this Agreement or for the validity and enforceability of this Agreement.

3. Legal opinions

- (a) A legal opinion of Allen & Overy LLP, London, English legal advisers to the Facility Agent.
- (b) A legal opinion of Allen & Overy LLP, Amsterdam, Dutch legal advisers to the Facility Agent.

4. Other documents

- (a) Confirmation (in writing) from:
 - (i) each of the Guarantors that its obligations under Clause 14 (Guarantee) of the Credit Agreement and
 - (ii) each of the Charging Entities (as defined in the Security Deed) that the Security Interests granted to the Beneficiaries pursuant to the Security Documents and its obligations under the Finance Documents,

shall continue unaffected and that such obligations extend to the Total Commitments as increased by the addition of this Additional Facility and that such obligations shall be owed to each Finance Party including the Lenders under this Additional Facility.

- (b) Confirmation that all conditions precedent in relation to the amendment and restatement of the Credit Agreement and the Existing Facility Agreement have been satisfied and that such amendment and restatement agreements are effective.
 - (c) Evidence that UPC Broadband has delivered a duly completed Cancellation Notice (as defined in the Existing Facility Agreement) to the Existing Facility Agents giving notice of prepayment and cancellation of the Total Facility A Commitments (as defined in the Existing Facility Agreement) in an amount equal to €166,750,000 such that as a result of such cancellation the Total Facility A Commitment will be reduced from €666,750,000 to €500,000,000.
-

QuickLinks

[ADDITIONAL FACILITY ACCESSION AGREEMENT](#)

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Exhibit 21.1

Name	Country
Alpine de Videocommunication S.A.	France
Aringour Ltd.	Ireland
Artesienne de Videocommunication S.A.	France
At Media Sp. z o.o.	Poland
AudioTec RT	Hungary
Auxipar S.A.	France
Belmarken Holding B.V.	Netherlands
Bicatobe Investments B.V.	Netherlands
Binan Investments B.V.	Netherlands
Cable et Videocommunication de l'Ouest S.A.	France
Cable Management Ireland Ltd.	Ireland
Cable Network Holding B.V.	Netherlands
Cable Networks Netherlands Holding B.V.	Netherlands
CAI Belgium	Belgium
chello broadband A.S.	Norway
chello broadband AB	Sweden
chello broadband GmbH	Austria
chello broadband Nederland B.V.	Netherlands
chello broadband SAS	France
chello media B.V.	Netherlands
chello media Belgium I B.V.	Netherlands
chello media Belgium II B.V.	Netherlands
chello media Direct Programming B.V.	Netherlands
chello media Holding III N.V.	Netherlands
chello media Holding IV N.V.	Netherlands
chello media Investments B.V.	Netherlands
chello media Programming B.V.	Netherlands
chello media Programming services Ltd.	UK
chello media Services Ltd.	UK
chello media TV holding B.V.	Netherlands
chello media TVI Ltd.	UK
chello Programming Holdings Ltd.	UK
Chorus Communications Ltd.	Ireland
Chorus Ireland CMI Ltd.	Ireland
Signal Global Communications France S.A.S.	France
Clermontoise de Videocommunication S.A.	France
Communications 91 SNC	France
Comtoise de Videocommunication S.A.	France
Cork Communications Ltd.	Ireland
Enalur S.A.	Chile
ESC Programming B.V.	Netherlands
Essone Communications SNC	France
Europe Acquistion, Inc.	USA-Delaware
Golden Cable Vision Ltd.	Ireland
Horizon TV Distribution Ltd.	Ireland
IDF Communications Holding S.A.S.	France
IDF Communications S.A.S.	France
Independent Wireless Cable Ltd.	Ireland
Inversiones United Latin America Ltda.	Chile
InvestCo Belgium Cable 1	Luxembourg

InvestCo Belgium Cable 2	Luxembourg
Labesa Holding B.V.	Netherlands
Lyonnaise Communications S.A.	France
Minimax Srl	Romania
Minimax sro	Czech
MMDS Television Ltd.	Ireland
Monor Telefon Tarsasag RT	Hungary
Multitel S.A.	Bolivia
NBS Broadcasting Services A.B.	Sweden
Noos SNC	France
Old UGC Holdings, Inc.	USA-Delaware
Orleanaise de Videocommunication S.A.	France
PACA Communications SNC	France
Paris Cable S.A.	France
Paruse B.V.	Netherlands
PayTV Co chello media N.V./S.A.	Netherlands
Peru GlobalCom S.A.	Peru
Plator Holding B.V.	Netherlands
Poland Cablevision (Netherlands) B.V.	Netherlands
Princes Holdings Ltd.	Ireland
Priority Holding B.V.	Netherlands
Priority Telecom B.V.	Netherlands
Priority Telecom Belgium NV/SA	Belgium
Priority Telecom France S.A.S.	France
Priority Telecom GmbH (AUT)	Austria
Priority Telecom Hungary Kft	Hungary
Priority Telecom N.V.	Netherlands
Priority Telecom Netherlands B.V.	Netherlands
Priority Telecom Norway A.S.	Norway
Priority Telecom Operating Services B.V.	Netherlands
Priority Telecom Slovakio s.r.o.	Slovak Republic
Priority Telecom UK International Ltd.	UK
Priority Telecommunication und Internet GbmH	Austria
Priority Wireless B.V.	Netherlands
Priority Wireless Switzerland AG	Switzerland
RapiX Tecnologia e Internet Ltda.	Brazil
Rapp 16 S.A.	France
Region Parisienne Communications SNC	France
RetailCo UPCNL Belgium S.A./N.V.	Netherlands
Rhône Vision Cable S.A.S.	France
Sarcelles TV Cable S.A.	France
Selasa Holding B.V.	Netherlands
SIRC Holding SNC	France
SIRC SNC	France
SNERC SNC	France
Societe de developpement de la Plaque 3	France
Somerco SARL	France
Sport 1 TV Musorkeszito Rt	Hungary
Star GlobalCom S.A.	Peru
Strasbourg TV Cable S.A.	France

Suez-Lyonnaise Telecom S.A.	France
Suir Nore Relays Ltd.	Ireland
Szabinet Kft	Hungary
Tapiotel RT	Hungary
Telekabel Graz GmbH	Austria
Telekabel Hungary B.V.	Netherlands
Telekabel Klagenfurt GmbH	Austria
Telekabel-Fernsehnetz Region Baden Betriebs GmbH	Austria
Telekabel-Fernsehnetz Wiener Neustadt Neunkirchen Betriebs GmbH	Austria
Teleweb S.A.	Paraguay
TME France	France
Trnavatel s.r.o.	Slovak Republic
TV Show Brasil S.A.	Brazil
U.C.T. Netherlands B.V.	Netherlands
UCOM Latin America Finance, Inc.	Cayman Islands
UGC Europe B.V.	Netherlands
UGC Europe Holding Services B.V.	Netherlands
UGC Europe Holdings B.V.	Netherlands
UGC Europe Management B.V.	Netherlands
UGC Europe Services B.V.	Netherlands
UGC Europe Services Ltd.	UK
UGC Europe, Inc.	USA-Delaware
UGC Properties, Inc.	USA-Colorado
UGC/SPCo., Inc.	USA-Delaware
UGCE Services B.V.	Netherlands
UGCH Finance, Inc.	USA-Colorado
UIM Aircraft, Inc.	USA-Colorado
UniPort Communications B.V.	Netherlands
United Asia\Pacific Communications, Inc.	USA-Delaware
United AUN, Inc.	USA-Colorado
United Brazil, Inc.	USA-Colorado
United Chile Ventures, Inc.	Cayman Islands
United Chile, Inc.	USA-Colorado
United Communications Finance, Inc.	USA-Colorado
United Football Broadcasting B.V.	Netherlands
United Internet, Inc.	USA-Colorado
United Latin America Management, Inc.	USA-Colorado
United Latin America Programming, Inc.	USA-Colorado
United Latin America, Inc.	USA-Colorado
United Latin American Holdings, Inc.	USA-Colorado
United Latin American Ventures, Inc.	USA-Colorado
United Management, Inc.	USA-Colorado
United Pan-Europe Communications N.V.	Netherlands
United Peru, Inc.	USA-Colorado
United Programming, Inc.	USA-Colorado
United UAP, Inc.	USA-Colorado
United UPC Bonds LLC	USA-Delaware
UnitedGlobalCom do Brasil Telecomunicações Ltda.	Brazil
UnitedGlobalCom Europe B.V.	Netherlands
UPC Austria GmbH	Austria

UPC Austria Holding B.V.	Netherlands
UPC Aviation Services Inc.	USA-Colorado
UPC Belgium S.A.	Belgium
UPC Broadband ECC Services B.V.	Netherlands
UPC Broadband France S.A.S.	France
UPC Broadband Holding B.V.	Netherlands
UPC Broadband Holding Services B.V.	Netherlands
UPC Broadband N.V.	Netherlands
UPC Broadband Operations B.V.	Netherlands
UPC Central Europe Holding B.V.	Netherlands
UPC Česká Republika a.s.	Czech
UPC Czech Holding B.V.	Netherlands
UPC Digital AB	Sweden
UPC Distribution Holding II B.V.	Netherlands
UPC Europe B.V.	Netherlands
UPC Exploitation Holding B.V.	Netherlands
UPC Exploitation Holding II B.V.	Netherlands
UPC Financing Partnership	USA
UPC France Assistance S.A.	France
UPC France Distribution Holding S.A.	France
UPC France Holding B.V.	Netherlands
UPC France Holding S.A.S.	France
UPC France Holding S.N.C.	France
UPC France S.A.	France
UPC France Services S.A.	France
UPC HoldCo I N.V.	Netherlands
UPC HoldCo II B.V.	Netherlands
UPC HoldCo III B.V.	Netherlands
UPC HoldCo IV B.V.	Netherlands
UPC Holding B.V.	Netherlands
UPC Holding II B.V.	Netherlands
UPC Hrvatska d.d.	Croatia
UPC Intermediates B.V.	Netherlands
UPC Internet Holding B.V.	Netherlands
UPC Investments I B.V.	Netherlands
UPC Ireland B.V.	Netherlands
UPC Magyarország Kft	Hungary
UPC Nederland B.V.	Netherlands
UPC Nederland Services B.V.	Netherlands
UPC Norge A.S.	Norway
UPC Poland Holding B.V.	Netherlands
UPC Polska Sp. z o.o.	Poland
UPC Romania Holding B.V.	Netherlands
UPC Romania S.A.	Romania
UPC Scandinavia Holding B.V.	Netherlands
UPC Slovakia Holding B.V.	Netherlands
UPC Slovensko s.r.o.	Slovak Republic
UPC Staffing Inc.	USA-Delaware
UPC Sverige AB	Sweden
UPC Telekabel Wien GmbH	Austria

UPC Wireless GmbH	Austria
Videocommunication de Sud-Ouest	France
VTR Banda Ancha S.A.	Chile
VTR Galaxy Chile S.A.	Chile
VTR Global Carrier S.A.	Chile
VTR GlobalCom S.A.	Chile
VTR Ingenieria S.A.	Chile
VTR Net S.A.	Chile
Westward Cables Ltd.	Ireland
Westward Horizon	Ireland
Zomerwind Holding B.V.	Netherlands

QuickLinks

[Exhibit 21.1](#)

Consent of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
UnitedGlobalCom, Inc.:

We consent to the incorporation by reference in the following registration statements of UnitedGlobalCom, Inc. and subsidiaries of our reports dated March 11, 2005, with respect to the consolidated balance sheets of UnitedGlobalCom, Inc. as of December 31, 2004 and 2003, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2004, and all related financial statement schedules, management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2004 and the effectiveness of internal control over financial reporting as of December 31, 2004, which reports appear in the December 31, 2004 annual report on Form 10-K of UnitedGlobalCom, Inc. and subsidiaries.

Form	Registration Statement No.	Description
S-8	333-84234	1993 Employee Stock Option Plan, effective March 13, 2002
S-8	333-84236	1993 Director's Stock Option Plan, effective March 13, 2002
S-8	333-84238	1998 Director's Stock Option Plan, effective March 13, 2002
S-3	333-111839	Registration of Class A Common Stock, effective January 20, 2004
S-8	333-114909	Equity Incentive Plan, effective April 27, 2004
S-3	333-114902	Registration of Class A Common Stock, effective June 16, 2004
S-3	333-117079	Registration of 1 ³ / ₄ % Convertible Senior Notes due 2024 and underlying Class A Common Stock, effective July 13, 2004
S-8	333-120309	401(k) Savings and Stock Ownership Plan, effective November 19, 2004

KPMG LLP

Denver, Colorado
March 11, 2005

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[Consent of Independent Registered Public Accounting Firm](#)

Frederick G. Westerman III, *Co-Chief Financial Officer*

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[UNITEDGLOBALCOM, INC. POWER OF ATTORNEY](#)

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael T. Fries certify that:

1. I have reviewed this annual report for the year ended December 31, 2004 on Form 10-K of UnitedGlobalCom, Inc.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 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 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 report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this 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 functions):
 - 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: March 14, 2005

/s/ MICHAEL T. FRIES

Michael T. Fries
Chief Executive Officer

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[CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002](#)

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Frederick G. Westerman III, certify that:

1. I have reviewed this annual report for the year ended December 31, 2004 on Form 10-K of UnitedGlobalCom, Inc.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 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 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 report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this 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 functions):
 - 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: March 14, 2005

/s/ FREDERICK G. WESTERMAN III

Frederick G. Westerman III
Co-Chief Financial Officer

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[CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002](#)

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Charles H.R. Bracken, certify that:

1. I have reviewed this annual report for the year ended December 31, 2004 on Form 10-K of UnitedGlobalCom, Inc.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 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 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 report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this 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 functions):
 - 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: March 14, 2005

/s/ CHARLES H.R. BRACKEN

Charles H.R. Bracken
Co-Chief Financial Officer

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[CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002](#)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of UnitedGlobalCom, Inc. (the "Company") for the year ended December 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael T. Fries, Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 14, 2005

/s/ MICHAEL T. FRIES

Michael T. Fries
Chief Executive Officer

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[CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002](#)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of UnitedGlobalCom, Inc. (the "Company") for the year ended December 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Frederick G. Westerman III, Co-Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 14, 2005

/s/ FREDERICK G. WESTERMAN III

Frederick G. Westerman III
Co-Chief Financial Officer

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[CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002](#)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of UnitedGlobalCom, Inc. (the "Company") for the year ended December 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Charles H.R. Bracken, Co-Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 14, 2005

/s/ CHARLES H.R. BRACKEN

Charles H.R. Bracken
Co-Chief Financial Officer

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[CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002](#)